

in the compliance report submitted to the Finance Board; such report shall be in a format defined by the Finance Board.

3. Provide periodic data, as requested by the Finance Board, to facilitate its oversight of FMP compliance.

4. Establish one or more securities safekeeping agents and notify the Finance Board accordingly. (Authorized agents include Federal Reserve Banks, Federal Home Loan Banks, and other eligible financial institutions domiciled in the U.S.)

5. Account for financial transactions executed under the FMP in accordance with Generally Accepted Accounting Principles.

C. The Internal Auditor of Each Bank Shall Establish Internal Auditing Programs That Test for Compliance With the FMP

D. The Federal Housing Finance Board Shall

1. Monitor each Bank's compliance with the FMP.

2. Interpret any questions related to the FMP.

3. Consider requests for exceptions to the FMP.

E. This Most Recently Amended Version of the FMP Shall

1. Become effective on

_____, 1997.

2. Amend and replace the Financial Management Policy dated July 3, 1996. Financial transactions and contracts that were authorized for, and entered into by, the Banks under these and any relevant preceding policies, and that remain outstanding on the effective date of the FMP, are grandfathered for purposes of compliance with the amended policy guidelines.

Footnotes

1. The term "eligible financial institutions" includes:

a. Federal Home Loan Banks;
b. FDIC-insured financial institutions, including U.S. subsidiaries of foreign commercial banks, whose most recently published financial statements exhibit at least \$100 million of Tier I (or tangible) capital if the institution is a member of the investing FHLBank or at least \$250 million of tangible capital for all other FDIC-insured institutions, and which have been rated at least a level III institution as defined in subsection VI.C. of the FMP.

c. U.S. branch or agency offices of foreign commercial banks, provided that the most recently published financial statements of the foreign commercial bank exhibit at least \$250 million of Tier I (or tangible) capital and the foreign bank can be designated at least a Level III counterparty as defined under Section VI.C.2. and has a country risk rating of not lower than AA from Thomson Bankwatch.

2. Eligible counterparties for resale agreements include the Federal Reserve Bank of New York, primary dealers in government securities recognized by the Federal Reserve whose capital exceeds \$250 million or whose obligations under such agreements are guaranteed by parent firms whose capital exceeds \$250 million, and U.S. Government Sponsored Enterprises for which the credit of such institution is pledged for repayment. The Bank for International Settlements (BIS) and the central banks of foreign countries with a Thomson Bankwatch country risk rating of at least double-A are considered eligible counterparties, provided the resales are collateralized solely by FHLBank System consolidated obligations. Resale agreements may be consummated using a designated custodian, provided the custodian is a domestic eligible financial institution and documentation is provided which evidences the Bank's security interest in the collateral held by the custodian.

3. Commercial paper, bank note, and thrift note issuers shall be in the banking, housing, finance, or securities industries as determined by an FHLBank. Commercial paper, bank note, and thrift note issuers (or guarantors if applicable) must exhibit on their most recently published audited financial statements at least \$100 million of tangible capital if the institution is a member of the investing FHLBank or at least \$250 million of tangible capital for all other institutions. If the commercial paper, bank note, or thrift note issue receives its A-1/P-1 rating by virtue of a guarantee or other credit enhancement, both the minimum tangible capital requirement and the maximum allowable unsecured credit exposure (as determined in subsection VI.C.) shall apply to the guarantor rather than to the issuer.

4. For purposes of determining compliance with the 300 percent of capital limit, investment levels will be measured as of the transaction trade date and capital levels will be based on the Bank's most recently available monthly financial statement. A Bank will not be required to divest securities solely to bring the level of its holdings into compliance with the limit. A Bank's dollar roll financing activity will not be included in calculating the Bank's position relative to the limit.

5. A "financial index" is defined as an index that pertains to: (1) Interest rates, (2) baskets of equities, (3) currencies, or (4) aggregate measures of inflation, sanctioned by a national government, including those derived from aggregate measures of economic performance and prices. In the event of debt tied to a basket of equities, the basket should include a sufficient number of equities to ensure that the movement of the index is not dictated by the performance of just one equity in the basket. To be considered "eligible," an index must be publicly available and verifiable independent of underwriters or selling group members. For an index that pertains to a foreign country, that country must be assigned a Country Risk Rating no lower than AA- by Thomson Bankwatch. In the event a country is not rated by Thomson Bankwatch, Sovereign Risk Ratings from Moody's or Standard &

Poor's may be used subject to the following requirements: a country must be assigned a Sovereign Risk Rating for long-term bonds or deposits from Moody's of not lower than Aa3 or a Sovereign Risk Rating for Foreign Currency from Standard & Poor's of not lower than AA-. The European Currency Unit (ECU) shall be deemed an eligible index.

6. Eligible non-member counterparties for hedging transactions include:

a. Eligible financial institutions;

b. Foreign financial institutions rated at least a Level III institution, as defined in subsection VI.C. of the FMP, and domiciled in countries receiving a country risk rating of at least AA from Thomson Bankwatch;

c. Domestic corporations or partnerships, foreign corporations, domestic subsidiaries of foreign corporations, international organizations, and foreign governments or their agencies, rated at least single-A by Moody's or Standard & Poor's, or rated Baa by Moody's or BBB by Standard & Poor's provided transactions with such counterparties result in no unsecured credit exposure for the Bank; and

d. U.S. Government Sponsored Agencies.

7. For purposes of the FMP, unsecured extensions of credit will be measured as follows:

a. For on-balance sheet transactions, an amount equal to the sum of the book value of the item plus net payments due the Bank.

b. For off-balance sheet transactions, an amount equal to the sum of the net market value of the agreement, as determined by the Bank, plus net payments due the Bank.

c. Extensions of credit arising from off-balance sheet transactions with one counterparty may be netted provided the Bank and the counterparty have executed a master agreement that provides for such netting.

8. The effective maturity of interest rate exchange agreements may be considered the term from settlement to the date on which an FHLBank has the unilateral and unconditional option to terminate the agreement at its then current market value. For Indexed Principal Swaps, the effective maturity shall be the weighted average maturity using consensus prepayment speed estimates for current interest rate levels, unless an appropriate alternative methodology is applied.

Dated: March 5, 1997.

By the Board of Directors of the Federal Housing Finance Board.

Bruce A. Morrison,
Chairperson.

[FR No. 97-6878 Filed 3-18-97; 8:45 am]

BILLING CODE 6725-01-U

FEDERAL MARITIME COMMISSION

Ocean Freight Forwarder License Applicants

Notice is hereby given that the following applicants have filed with the Federal Maritime Commission applications for licenses as ocean freight forwarders pursuant to section 19 of the

Shipping Act of 1984 (46 U.S.C. app. 1718 and 46 CFR part 510).

Persons knowing of any reason why any of the following applicants should not receive a license are requested to contact the Office of Freight Forwarders, Federal Maritime Commission, Washington, D.C. 20573.

Paccent Express Line Co., 11099 South La Cienega Blvd., #207, Los Angeles, CA 90045, Officers: Stephen C. Liu, President, Rachel T. Liu, Vice President

F&F Forwarding Services, Inc., 416 N.W. 74th Avenue, Miami, FL 33166, Officers: Flavia M. Ortiz, President, Xiomara Sanchez, Vice President International Exports and Marketing Inc., 116 Jane Street, St. Rose, LA 70087, Officers: Yvonne M. Eiffert, President, George J. Eiffert, Vice President

RTW Express Co., 2302 East Del Amo Blvd., Compton, CA 90220, Tieth-Ming Cheng, Sole Proprietor

Dated: March 13, 1997.

Joseph C. Polking,

Secretary.

[FR Doc. 97-6851 Filed 3-18-97; 8:45 am]

BILLING CODE 6730-01-M

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act. Unless otherwise noted, nonbanking

activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than April 11, 1997.

A. Federal Reserve Bank of Atlanta (Lois Berthaume, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303-2713:

1. *PAB Bankshares, Inc.*, Valdosta, Georgia; to acquire 100 percent of the voting shares of First Federal Savings Bank of Bainbridge, Bainbridge, Georgia, which will convert to a state-chartered bank to be known as First Community Bank of Southwest Georgia, Bainbridge, Georgia.

B. Federal Reserve Bank of Minneapolis (Karen L. Grandstrand, Vice President) 250 Marquette Avenue, Minneapolis, Minnesota 55480-2171:

1. *Provincial Corp.*, Minneapolis, Minnesota; to become a bank holding company by acquiring 100 percent of the voting shares of Provincial Bank, Lakeville, Minnesota, a *de novo* bank.

C. Federal Reserve Bank of Kansas City (John E. Yorke, Senior Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *Kremlin Bancshares, Inc.*, Kremlin, Oklahoma; to become a bank holding company by acquiring 100 percent of the voting shares of Bank of Kremlin, Kremlin, Oklahoma.

Board of Governors of the Federal Reserve System, March 13, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 97-6845 Filed 3-18-97; 8:45 am]

BILLING CODE 6210-01-F

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR Part 225) to engage *de novo*, or to acquire or control voting securities or assets of a company that engages either directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.25 of Regulation Y (12 CFR 225.25) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated.

Once the notice has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than April 2, 1997.

A. Federal Reserve Bank of Philadelphia (Michael E. Collins, Senior Vice President) 100 North 6th Street, Philadelphia, Pennsylvania 19105-1521:

1. *USABancShares, Inc.*, Philadelphia, Pennsylvania; to acquire The Knox Financial Services Group, Inc., Philadelphia, Pennsylvania, and thereby engage in brokerage activities, pursuant to § 225.25(b)(15)(i) of the Board's Regulation Y.

In connection with this application, The Knox Financial Services Group, Inc., will become USA Capital Corp.

Board of Governors of the Federal Reserve System, March 13, 1997.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 97-6846 Filed 3-18-97; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL TRADE COMMISSION

[Dkt. C-3722]

J.C. Penney Company, Inc., et al.; Prohibited Trade Practices, and Affirmative Corrective Actions

AGENCY: Federal Trade Commission.

ACTION: Consent order.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair or deceptive acts or practices and unfair methods of competition, this consent order requires, among other things, J.C. Penney and Thrift Drugs, its wholly-owned subsidiary, to divest by March 21, 1997, to a Commission-approved acquirer, a total of 161 drug stores in North and South Carolina. The consent order settles allegations that J.C. Penney's proposed acquisition of 190 Rite Aid drug stores in these two states and Eckerd Corporation, violated antitrust laws by substantially reducing drug store competition.

DATES: Complaint and Order issued February 28, 1997.¹

¹ Copies of the Complaint and the Decision and Order are available from the Commission's Public Reference Branch, H-130, 6th Street & Pennsylvania Avenue, NW., Washington, DC 20580.