

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 300

RIN 3206-AD68

Statutory Bar to Appointment of Persons Who Fail To Register Under Selective Service Law

AGENCY: Office of Personnel Management.

ACTION: Notice of withdrawal of proposed rulemaking.

SUMMARY: The Office of Personnel Management (OPM) is withdrawing its proposal to revise the regulations on Selective Service registration (published April 29, 1988, 53 FR 15400), which would have permitted executive agencies to determine whether an individual's failure to register with the Selective Service System was knowing and willful. These determinations are currently made by OPM. Because we plan to make additional changes to these regulations, we will publish a revised proposal and invite new public comment.

FOR FURTHER INFORMATION CONTACT: Sylvia Cole on (202) 606-0830.

Office of Personnel Management.

Janice R. Lachance,
Director.

[FR Doc. 98-7208 Filed 3-19-98; 8:45 am]

BILLING CODE 6325-01-M

FARM CREDIT ADMINISTRATION

12 CFR Part 611

RIN 3052-AB71

Organization; Balloting and Stockholder Reconsideration Issues

AGENCY: Farm Credit Administration.

ACTION: Proposed rule.

SUMMARY: The Farm Credit Administration (FCA or Agency), through the FCA Board (Board), proposes to amend its regulations

concerning Farm Credit System (System or FCS) voting ballots and the effective dates for mergers, consolidations, or transfers of direct lending authority from a Farm Credit Bank (FCB) or agricultural credit bank (ACB) to a Federal land bank association (FLBA). The proposed amendments would allow the use of identity codes on ballots, as long as the votes are tabulated by an independent third party, and would conform the scope of the regulation to statutory requirements. The amendments would also reduce the earliest effective date of a merger, consolidation, or transfer of lending authority from 50 days to 35 days after stockholder notification, or 15 days after submission of documents to the FCA for final approval, whichever occurs later. The effects of the amendments are to provide more flexibility to institutions regarding the conduct of stockholder votes, to extend security and confidentiality requirements to all stockholder votes, and to accelerate the effective date of the above-described corporate actions.

DATES: Written comments must be received on or before April 20, 1998.

ADDRESSES: Comments may be mailed or delivered to Patricia W. DiMuzio, Director, Regulation and Policy Division, Office of Policy and Analysis, 1501 Farm Credit Drive, McLean, VA, 22102-5090 or sent by facsimile transmission to (703) 734-5784. Comments may also be submitted via electronic mail to "reg-comm@fca.gov". Copies of all communications received will be available for review by interested parties in the Office of Policy and Analysis, Farm Credit Administration.

FOR FURTHER INFORMATION CONTACT: Alan Markowitz, Senior Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4479;

or
Rebecca S. Orlich, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TDD (703) 883-4444.

SUPPLEMENTARY INFORMATION:

I. Background

The FCA is continuing its efforts to reduce regulatory burdens on System institutions and to retain only regulations that: (1) Implement or

interpret the Farm Credit Act of 1971, as amended (Act); or (2) protect the safety and soundness of the System. See 58 FR 34003 (June 23, 1993); 60 FR 57913 (November 24, 1995). The FCA has previously deleted a number of unnecessary or obsolete regulations and has modified others to reduce the burden of compliance. This rule is proposed in response to requests by several System institutions to revise the secret ballot procedures and to accelerate the effective date of certain corporate actions, as more fully described below.

II. Maintaining Secrecy of Ballots

Three institutions have requested that the FCA amend § 611.330 to allow FCS institutions to use identity codes on election ballots. The commenters stated that, in some elections, many stockholders who were confused by the procedures for voting by mail or proxy sent back incomplete or improperly completed ballots or proxies. As a result, their votes were not counted. The associations stated that, if the forms had contained identity codes, the stockholders in question could have been contacted before the stockholders' meeting and permitted to submit properly completed ballots or proxies. The commenters asserted their belief that identity codes, printed names on ballots, or other means of identification would not violate a voter's right to a secret ballot under section 4.20(2) of the Act, if an FCS institution: (1) Ensures that members of an independent tellers' committee abide by confidentiality restrictions; and (2) establishes ballot custody requirements.

Section 4.20 of the Act, which was amended by the Agricultural Credit Act of 1987 (1987 Act), prohibits the use of signed ballots in connection with any election or merger vote or other proceeding subject to a stockholder vote. Section 4.20 also requires FCS institutions to implement measures to protect voters' rights to a secret ballot process. In 1988, the FCA published a final rule that, among other provisions, established standards for the election of directors to comply with section 4.20. See 53 FR 50381 (December 15, 1988). Section 611.330 of that rule requires System institutions to adopt policies and procedures that assure confidentiality in the election of board members and prohibits the use of ballots

or proxy ballots that must be signed or that contain an identifying character or mark that can be used to identify how an individual stockholder's vote is cast.

The FCA proposes to amend § 611.330(b) to allow System institutions to use identity codes on ballots, provided that an independent third party tabulates the votes. The proposed regulation would also require that, in all votes in which an independent third party tabulates the votes, the independent third party must certify in writing that no information regarding how or whether a particular stockholder has voted will be disclosed to any person. However, the independent third party would be required to disclose such information to the FCA, if requested, in the event a vote is contested or otherwise.

The Agency agrees with the commenters that the use of an independent third party to review and count the votes will carry out the purpose of section 4.20 of the Act to preserve the secrecy of stockholder votes in relation to the institution, its directors, employees, and other stockholders. Examples of such third parties are outside auditors, accounting firms, or outside counsel. Tellers' committees that include stockholders or employees would not qualify as independent third parties. This proposed change will provide institutions with the opportunity to address the problem of incorrect ballots.

The FCA also proposes to modify §§ 611.330 and 611.340 to extend the confidentiality and security requirements to all stockholder votes, not just director elections. These changes will conform the scope of the regulations to section 4.20 of the Act, as described above. A provision is added requiring a 5-year retention period for records related to a vote other than a director election. The existing regulation provides for the retention of director election records until the end of the term of office of the director.

In addition, the FCA proposes nonsubstantive changes to § 611.330 regarding the confidentiality of mail or proxy ballots. These changes would clarify that, in mail or proxy balloting, institution procedures must provide for a marked mail ballot or proxy ballot to be returned to the institution in a separate sealed envelope that is placed inside of another envelope for mailing. In proxy voting, the stockholder must return the proxy authorization form along with the sealed envelope containing the proxy ballot. In mail balloting, institutions may, but are not required to, provide for stockholders to verify their eligibility to vote, as long as

such verification is not on the ballot or on the sealed envelope containing the ballot. The verification could, for example, be on a separate piece of paper placed in the outside envelope or could be on the outside envelope itself.

III. Change of Effective Date for Merger, Consolidation, or Transfer of Lending Authority

Two institutions suggested that the FCA amend § 611.1122, which establishes timing and disclosure requirements for mergers of FCS institutions. One of the institutions asserted that the regulation mandates excessive periods for review and unnecessarily delays the effective date of such mergers beyond the required stockholder reconsideration period. This institution suggested that the FCA develop new procedures to expedite effective dates of mergers of FCS institutions.

Section 7.9 of the Act, as amended by the 1987 Act, provides for stockholder reconsideration of mergers or consolidations, the transfer of direct lending authority from a bank to an FLBA, and terminations of FCS status. The statute provides that, if the FCA receives a stockholder petition from at least 15 percent of the stockholders for reconsideration of a vote in favor of any such action within 30 days of the date on which stockholders are notified of the results of the vote, the institution in question must call a special stockholders' meeting to vote again on the proposed action. If a petition that meets the statutory requirements is filed, the proposed action (if approved in the second vote) cannot take effect until the expiration of 60 days after the date on which stockholders were notified of the result of the first vote.

Sections 611.505(e) and 611.1122(k), promulgated in 1988 pursuant to section 7.9 of the Act, provide that, in the case of an association merger or a transfer of direct lending authority, the effective date of the merger or transfer must be at least 50 days after the date of mailing of the notification to stockholders of the first vote. In the preamble to those regulations, the FCA explained that the period of 50 days was specified to allow for: (1) A 5-day period for delivery of the notice to stockholders; (2) a 30-day period during which stockholders may file a petition for reconsideration; and (3) fifteen (15) days after the end of the reconsideration period for the FCA to receive and review the institution's documents for final approval. See 53 FR 50389 (December 15, 1988).

At the time of the promulgation of the regulation, the FCA was of the view that a 50-day period was necessary to ensure

that the Agency had adequate time to process final approval documents. However, the FCA's experience in processing the final approval documents is that its review and approval can occur during the 30-day reconsideration period if the institutions timely submit such documents to the FCA. Therefore, the FCA proposes to eliminate the additional 15 days intended for Agency review following the end of the reconsideration period and to provide that the effective date of an association merger or a transfer of lending authority may be 35 days after stockholder notification, or 15 days after submission of final documents to the FCA, whichever occurs later.

The FCA also proposes, for purposes of clarification, to restate in §§ 611.505(e) and 611.1122(k) the provision in section 7.9(b)(3)(A) of the Act that, if a valid petition for reconsideration is timely filed with the FCA, the merger or transfer of lending authority cannot take effect until the expiration of 60 days after the date on which stockholders were notified of the final result of the first vote.

List of Subjects in 12 CFR Part 611

Agriculture, Banks, banking, Rural areas.

For the reasons stated in the preamble, part 611 of chapter VI, title 12 of the Code of Federal Regulations is proposed to be amended to read as follows:

PART 611—ORGANIZATION

1. The authority citation for part 611 is revised to read as follows:

Authority: Secs. 1.3, 1.13, 2.0, 2.10, 3.0, 3.21, 4.12, 4.15, 4.20, 4.21, 5.9, 5.10, 5.17, 7.0—7.13, 8.5(e) of the Farm Credit Act (12 U.S.C. 2011, 2021, 2071, 2091, 2121, 2142, 2183, 2203, 2208, 2209, 2243, 2244, 2252, 2279a–2279f–1, 2279aa–5(e)); secs. 411 and 412 of Pub. L. 100–233, 101 Stat. 1568, 1638; secs. 409 and 414 of Pub. L. 100–399, 102 Stat. 989, 1003, and 1004.

2. Subpart C is amended by revising the heading to read as follows:

Subpart C—Election of Directors and Other Voting Procedures

3. Section 611.330 is amended by removing the word "election" and adding in its place, the word "voting" in the first sentence of paragraph (a); by removing the words "an election" and adding in their place, the words "a vote" and by removing the comma after the word "contested" in the last sentence of paragraph (a); and by revising the section heading and paragraph (b) to read as follows:

§ 611.330 Confidentiality in voting.

* * * * *

(b) Except as provided in this paragraph, System institutions shall not use ballots or proxy ballots that must be signed by the stockholder or that contain an identifying character or mark that can be used to identify how an individual stockholder's vote is cast.

(1) Institutions may use a form of identity code on the ballot if they also provide for tabulation of the votes by an independent third party.

(2) In mail balloting, institutions may adopt procedures that require the stockholders to sign or otherwise verify their eligibility to vote, so long as the marked ballot is in a separate sealed envelope that accompanies any document that identifies the stockholder.

(3) In proxy voting, an institution's procedures shall provide that the proxy ballot be returned in a separate sealed envelope, which envelope is accompanied by a signed proxy authorization form.

(4) Where the identity of the voting stockholders is necessary to determine the voting weight of ballots, the institution shall use a form of identity code on the ballot and shall require that the votes are tabulated by an independent third party.

(5) In a vote in which identity codes are used on the ballots, the independent third party that tabulates the votes shall certify in writing that such party will not disclose to any person (including the institution, the directors, stockholders, or employees) any information regarding how or whether any stockholder has voted. However, the independent third party shall disclose such information to the Farm Credit Administration, if requested, in the event a vote is contested or otherwise.

* * * * *

4. Section 611.340 is amended by removing the words "the election of directors" and adding in their place, the word "voting" in the heading; by removing the words "the election of board members" and adding in their place, the words "a stockholder vote" in paragraph (a); by removing the word "election" and adding in its place, the word "voting" the first and last place it appears in the first sentence of paragraph (d); by removing the words "an election" and adding in their place, the words "a stockholder vote" in the last sentence of paragraph (d); by removing the word "election" and adding in its place, the word "vote" the last place it appears in the last sentence of paragraph (d); and by revising paragraph (c) to read as follows:

§ 611.340 Security in voting.

* * * * *

(c) Ballots and proxy ballots shall be physically safeguarded before the time of distribution or mailing to voting stockholders and after the time of receipt by the banks and associations until disposal. In an election of directors, ballots, proxy ballots and election records shall be retained until the end of the term of office of the director and promptly destroyed thereafter. In other stockholder votes, ballots, proxy ballots, and records shall be retained for at least 5 years after the vote.

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Subpart E—Transfer of Authorities

5. Section 611.505 is amended by revising paragraph (e) to read as follows:

§ 611.505 Farm Credit Administration review.

* * * * *

(e) The effective date of a transfer shall be not less than 35 days after mailing of the notification to stockholders of the results of the stockholder vote, or 15 days after the date of submission to the Farm Credit Administration of all required documents for the Agency's consideration of final approval, whichever occurs later. If a petition for reconsideration is filed within 35 days after the date of mailing of the notification of stockholder vote, the constituent institutions shall agree on a second effective date to be used in the event the transfer is approved on reconsideration. The second effective date shall be not less than 60 days after stockholder notification of the results of the first vote, or 15 days after the date of the reconsideration vote, whichever occurs later.

Subpart G—Mergers, Consolidations, and Charter Amendments of Associations

6. Section 611.1122 is amended by revising paragraph (k) to read as follows:

§ 611.1122 Requirements for mergers or consolidations.

* * * * *

(k) The effective date of a merger or consolidation shall be a date which is not less than 35 days after the date of mailing of the notification to stockholders of the results of the stockholder vote, or 15 days after the date of submission to the Farm Credit Administration of all required documents for the Agency's consideration of final approval, whichever occurs later. If a petition for

reconsideration is filed within 35 days after mailing of the notification to stockholders of the results of the stockholder vote, the constituent institutions shall agree on a second effective date to be used in the event the merger or consolidation is approved on reconsideration. The second effective date shall be not less than 60 days after stockholder notification of the results of the first vote, or 15 days after the date of the reconsideration vote, whichever occurs later.

Dated: March 17, 1998.

Nan P. Mitchem,

Acting Secretary, Farm Credit Administration Board.

[FR Doc. 98-7342 Filed 3-19-98; 8:45 am]

BILLING CODE 6705-01-P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 39**

[Docket No. 97-NM-59-AD]

RIN 2120-AA64

Airworthiness Directives; Boeing Model 747 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to certain Boeing Model 747 series airplanes. This proposal would require an inspection to determine the material type of the stop support fittings of the main entry doors. The proposed AD also would require repetitive visual inspections to detect cracks of certain stop support fittings of the main entry doors, and replacement of any cracked stop support fitting with a certain new stop support fitting. This proposal is prompted by reports that stress corrosion cracking was found on certain stop support fittings of the main entry doors. The actions specified by the proposed AD are intended to detect and correct such stress corrosion cracking, which could lead to failure of the stop support fittings. Failure of the stop support fittings could result in loss of a main entry door and consequent rapid decompression of the airplane.

DATES: Comments must be received by May 4, 1998.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport