

- 3. Add § 228.26(d) to read as follows:

§ 228.26 Small bank performance standards.

* * * * *

(d) *Small bank performance rating.* The Board rates the performance of a bank evaluated under this section as provided in appendix A of this part.

Federal Deposit Insurance Corporation

12 CFR Chapter III

Authority and Issuance

- For the reasons set forth in the joint preamble, the Board of Directors of the Federal Deposit Insurance Corporation amends part 345 of chapter III of title 12 of the Code of Federal Regulations to read as follows:

PART 345—COMMUNITY REINVESTMENT

- 1. The authority citation for part 345 continues to read as follows:

Authority: 12 U.S.C. 1814–1817, 1819–1820, 1828, 1831u and 2901–2907, 3103–3104, and 3108(a).

- 2. Revise § 345.12(u)(1) to read as follows:

§ 345.12 Definitions.

* * * * *

(u) *Small bank*—(1) *Definition.* Small bank means a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.033 billion. Intermediate small bank means a small bank with assets of at least \$258 million as of December 31 of both of the prior two calendar years and less than \$1.033 billion as of December 31 of either of the prior two calendar years.

* * * * *

- 3. Add § 345.26(d) to read as follows:

§ 345.26 Small bank performance standards.

* * * * *

(d) *Small bank performance rating.* The FDIC rates the performance of a bank evaluated under this section as provided in appendix A of this part.

Dated: December 15, 2006.

Julie L. Williams,

First Senior Deputy Comptroller and Chief Counsel.

By order of the Board of Governors of the Federal Reserve System, December 19, 2006.

Jennifer J. Johnson,

Secretary of the Board.

Dated at Washington, DC, this 18th day of December, 2006.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 06–9944 Filed 12–28–06; 8:45 am]

BILLING CODE 4810–33–P; 6210–01–P; 6714–01–P

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 349

RIN 3064–AD14

Repeal of Reports and Public Disclosure of Indebtedness of Executive Officers and Principal Shareholders to a State Nonmember Bank and Its Correspondent Banks

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Final rule.

SUMMARY: The Federal Deposit Insurance Corporation (FDIC) is repealing its regulations governing reporting on lending by a State nonmember bank and its correspondent banks to executive officers and principal shareholders. The FDIC is taking this action in accordance with the Financial Services Regulatory Relief Act of 2006, section 601, which repealed the provision under which the FDIC promulgated these regulations.

DATES: This rule becomes effective on December 22, 2006.

FOR FURTHER INFORMATION CONTACT:

Karen Jones Currie Examination Specialist, FDIC, 550 17th Street, NW., Washington, DC 20429; telephone: (202) 898–3981; or electronic mail: kcurrie@fdic.gov; or Michelle Borzillo, Counsel, FDIC, 550 17th Street, NW., Washington, DC 20230; telephone: (202) 898–7400; facsimile: (202) 898–8815; or electronic mail: mborzillo@fdic.gov.

SUPPLEMENTARY INFORMATION:

I. Background

On December 28, 1983, the FDIC issued a final rule entitled “Reports and Public Disclosure of Indebtedness of Executive Officers and Principal Shareholders to a State Nonmember Bank and Its Correspondent Banks.” This rule implemented section 7(k) of the Federal Deposit Insurance Act (“FDI Act”) and section 106(b)(2)(G) of the Bank Holding Company Act Amendments of 1970 (“BHCA Amendments”) contained in sections 428 and 429 of the Garn-St. Germain Depository Institutions Act of 1982 (“Garn-St. Germain Act”). It restated the existing statutory requirement which required insiders to report to the board of directors of their bank any

indebtedness to the correspondent banks of that bank. The statute also provided that the bank or the agency shall make the information available, upon request, to the public. The appropriate Federal banking agencies were authorized to issue rules and regulations to require the reporting and public disclosure of information concerning insider indebtedness.

II. Repeal of the Reports and Public Disclosure of Indebtedness of Executive Officers and Principal Shareholders

On October 13, 2006, the President signed into law Public Law No. 109–351, the Financial Services Regulatory Relief Act of 2006 (the Act). Section 601 of the Act struck the following statutory provisions:

- Requirement that a bank must include a separate report with its quarterly Reports of Condition and Income (“Call Report”) on any extensions of credit the bank has made to its executive officers since its last Call Report (section 22(g)(9) of the Federal Reserve Act, codified at 12 U.S.C. 375a(9));
- Requirement that an executive officer of a bank file a report with the bank’s board of directors whenever the executive officer obtains an extension of credit from another bank in an amount that exceeds the amount the executive officer could obtain from the bank (section 22(g)(6) of the Federal Reserve Act, codified at 12 U.S.C. 375a(6));
- Requirement that an executive officer or principal shareholder of a bank must file an annual report with the bank’s board of directors during any year in which the officer or shareholder has an outstanding extension of credit from a correspondent bank of the bank (section 106(b)(2)(G)(i) of the BHCA, codified at 12 U.S.C. 1972(2)(G)(i)); and
- The authorization of the Federal banking agencies to issue regulations that require the reporting and public disclosure of information related to extensions of credit received by an executive officer or principal shareholder of a bank from a correspondent bank of the bank (section 106(b)(2)(G)(ii) of the BHCA, codified at 12 U.S.C. 1972(2)(G)(ii)).

Neither the repeal of Section 106(b)(2)(G) of the BHCA Amendments nor part 349 changes the substantive restrictions on loans by depository institutions to their executive officers and principal shareholders or loans to executive officers and principal shareholders of depository institutions by their correspondent banks.

Because the new law strikes the specific requirement underpinning the rule on Reports and Public Disclosure of

Indebtedness of Executive Officers and Principal Shareholders to a State Nonmember Bank and Its Correspondent Banks, and because the FDIC does not believe that the reports at issue contribute significantly to the effective monitoring of insider lending or the prevention of insider abuse, the FDIC is repealing its regulations at part 349.

III. Exemption From Public Comment

The Act repeals the specific statutory requirements for these reports. However, the FDIC retains authority under other provisions of law to collect information regarding insider lending by depository institutions. The FDIC does not believe these reports contribute significantly to the effective monitoring of insider lending or the prevention of insider abuse. Under these circumstances, providing prior notice and an opportunity for public comment on whether to repeal these rules would serve no useful purpose. As a result, under authority at 5 U.S.C. 553(b)(B), FDIC finds good cause to waive such procedures. Moreover, no Federal agency's or private sector entity's interest will be adversely affected by their repeal. Further, and for the same reason, FDIC finds good cause pursuant to 553(d)(3) to waive the requirement of a 30-day delay in effect for this rule. Thus, this rule is effective immediately.

Regulatory Flexibility Act

As prior notice and an opportunity for public comment are not required under 5 U.S.C. 553 or any other law, the analytical requirements of the Regulatory Flexibility Act are inapplicable. Thus, no regulatory flexibility analysis is required and none has been prepared.

Paperwork Reduction Act

At the FDIC's request, the Office of Management and Budget (OMB) has deleted the collection of information associated with this rule (formerly approved by OMB under Control No. 3064-0023, "Reports of Indebtedness of Executive Officers and Principal Shareholders to Correspondent Banks and to Own Bank," collected using FFIEC form 004). The reduction in paperwork burden imposed on the public resulting from the elimination of this collection of information will be 47,998 hours a year. The Federal Financial Institutions Examination Council (FFIEC) is providing notice to all affected parties that they will no longer need to provide this information to the agencies.

Also, as discussed above, section 601 of the Act eliminated the requirement

that a bank include a separate report with its Call Report each quarter on any extensions of credit the bank has made to its executive officers since the date of its last Call Report. Accordingly, as of December 31, 2006, the FDIC will no longer require banks to provide the "Special Report" on loans to executive officers, which had been included after the final page of the Call Report forms in previous quarters. At the FDIC's request, OMB has approved this change in the Call Report. The resulting reduction in paperwork burden imposed on the public will be 5,247 hours a year.

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) (Title II, Pub. L. 104-121) provides generally for agencies to report rules to Congress and the General Accounting Office (GAO) for review. The reporting requirement is triggered when a federal agency issues a final rule. The FDIC will file the appropriate reports with Congress and the GAO as required by SBREFA. The Office of Management and Budget has determined that the rule does not constitute a "major rule" as defined by SBREFA.

List of Subjects in 12 CFR Part 349

Reports, Public disclosure, Indebtedness of principal shareholders, Indebtedness of executive officers, State nonmember banks, Correspondent banks.

■ For the reasons stated above, the Board of Directors of the Federal Deposit Insurance Corporation hereby amends title 12, chapter III of the Code of Federal Regulations under the authority of 5 U.S.C. 553 by removing and reserving part 349.

PART 349—[REMOVED AND RESERVED]

Dated at Washington, DC, this 22nd day of December, 2006.

By order of the Board of Directors.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. E6-22260 Filed 12-28-06; 8:45 am]

BILLING CODE 6714-01-P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 228 and 229

[Release Nos. 33-8765; 34-55009; File No. S7-03-06]

RIN 3235-A180

Executive Compensation Disclosure

AGENCY: Securities and Exchange Commission.

ACTION: Interim final rules with request for comments.

SUMMARY: The Securities and Exchange Commission is adopting, as interim final rules, amendments to the disclosure requirements for executive and director compensation. The amendments to Item 402 of Regulations S-K and S-B revise Summary Compensation Table and Director Compensation Table disclosure with respect to stock awards and option awards to provide disclosure of the compensation cost of awards over the requisite service period, as described in Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004) *Share-Based Payment* (FAS 123R). FAS 123R defines a requisite service period as the period or periods over which an employee is required to provide service in exchange for a share-based payment. The revised disclosure replaces disclosure in the Summary Compensation Table and Director Compensation Table of the aggregate grant date fair value of awards computed in accordance with FAS 123R. The amendments revise the Grants of Plan-Based Awards Table to add a column showing, on a grant-by-grant basis, the full grant date fair value of awards computed in accordance with FAS 123R. The amendments also revise the Grants of Plan-Based Awards Table to include information concerning repriced or materially modified options, stock appreciation rights and similar option-like instruments, disclosing the incremental fair value computed as of the repricing or modification date computed in accordance with FAS 123R. The amendments to the Director Compensation Table in Item 402 of Regulation S-K require footnote disclosure corresponding to the new Grants of Plan-Based Awards Table fair value disclosures. The amendments are intended to provide investors with more complete and useful disclosure about executive compensation. Disclosing the compensation cost of stock and option awards over the requisite service period will give investors a better idea of the compensation earned by an executive or