

within the meaning of those terms as used in the RFA.

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act, Public Law 106–102, 113 Stat. 1338, 1471, 12 U.S.C. 4809, requires each Federal banking agency to use plain language in all of its proposed and final rules published after January 1, 2000. As a Federal banking agency subject to the provisions of this section, the FDIC has sought to present the proposed rule to rescind Part 390, Subpart N in a simple and straightforward manner. The FDIC invites comments on whether the proposal is clearly stated and effectively organized, and how the FDIC might make the proposal easier to understand.

D. The Economic Growth and Regulatory Paperwork Reduction Act

Under section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (“EGRPRA”), the FDIC is required to review all of its regulations, at least once every 10 years, in order to identify any outdated or otherwise unnecessary regulations imposed on insured institutions. The FDIC completed the last comprehensive review of its regulations under EGRPRA in 2006 and is commencing the next decennial review. The action taken on this rule will be included as part of the EGRPRA review that is currently under way. As part of that review, the FDIC invites comments concerning whether the Proposed Rule would impose any outdated or unnecessary regulatory requirements on insured depository institutions. If you provide such comments, please be specific and provide alternatives whenever appropriate.

List of Subjects in 12 CFR Part 390

Banks and banking, Savings associations.

Authority and Issuance

For the reasons stated in the preamble and under the authority of 12 U.S.C. 5412, the Board of Directors of the Federal Deposit Insurance Corporation proposes to amend 12 CFR part 390 as follows:

PART 390—REGULATIONS TRANSFERRED FROM THE OFFICE OF THRIFT SUPERVISION

■ 1. The authority citation for part 390 is revised to read as follows:

Authority: 12 U.S.C. 1819.

Subpart A also issued under 12 U.S.C. 1820.

Subpart B also issued under 12 U.S.C. 1818.

Subpart C also issued under 5 U.S.C. 504; 554–557; 12 U.S.C. 1464; 1467; 1468; 1817; 1818; 1820; 1829; 3349, 4717; 15 U.S.C. 78 l; 78o–5; 78u–2; 28 U.S.C. 2461 note; 31 U.S.C. 5321; 42 U.S.C. 4012a.

Subpart D also issued under 12 U.S.C. 1817; 1818; 1820; 15 U.S.C. 78 l.

Subpart E also issued under 12 U.S.C. 1813; 1831m; 15 U.S.C. 78.

Subpart F also issued under 5 U.S.C. 552; 559; 12 U.S.C. 2901 *et seq.*

Subpart G also issued under 12 U.S.C. 2810 *et seq.*, 2901 *et seq.*; 15 U.S.C. 1691; 42 U.S.C. 1981, 1982, 3601–3619.

Subpart H also issued under 12 U.S.C. 1464; 1831y.

Subpart I also issued under 12 U.S.C. 1831x.

Subpart J also issued under 12 U.S.C. 1831p–1.

Subpart L also issued under 12 U.S.C. 1831p–1.

Subpart M also issued under 12 U.S.C. 1818.

Subpart O also issued under 12 U.S.C. 1828.

Subpart P also issued under 12 U.S.C. 1470; 1831e; 1831n; 1831p–1; 3339.

Subpart Q also issued under 12 U.S.C. 1462; 1462a; 1463; 1464.

Subpart R also issued under 12 U.S.C. 1463; 1464; 1831m; 1831n; 1831p–1.

Subpart S also issued under 12 U.S.C. 1462; 1462a; 1463; 1464; 1468a; 1817; 1820; 1828; 1831e; 1831o; 1831p–1; 1881–1884; 3207; 3339; 15 U.S.C. 78b; 78l; 78m; 78n; 78p; 78q; 78w; 31 U.S.C. 5318; 42 U.S.C. 4106.

Subpart T also issued under 12 U.S.C. 1462a; 1463; 1464; 15 U.S.C. 78c; 78l; 78m; 78n; 78w.

Subpart U also issued under 12 U.S.C. 1462a; 1463; 1464; 15 U.S.C. 78c; 78l; 78m; 78n; 78p; 78w; 78d–1; 7241; 7242; 7243; 7244; 7261; 7264; 7265.

Subpart V also issued under 12 U.S.C. 3201–3208.

Subpart W also issued under 12 U.S.C. 1462a; 1463; 1464; 15 U.S.C. 78c; 78l; 78m; 78n; 78p; 78w.

Subpart X also issued under 12 U.S.C. 1462; 1462a; 1463; 1464; 1828; 3331 *et seq.*

Subpart Y also issued under 12 U.S.C. 1831o.

Subpart Z also issued under 12 U.S.C. 1462; 1462a; 1463; 1464; 1828 (note).

Subpart N—[Removed and Reserved]

■ 2. Remove and reserve subpart N, consisting of §§ 390.240 through 390.241.

Dated at Washington, DC, this 15th day of July 2014.

By order of the Board of Directors,
Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

[FR Doc. 2014–16977 Filed 7–18–14; 8:45 am]

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FARM CREDIT ADMINISTRATION

12 CFR Chapter VI

RIN 3052–AC88

Statement on Regulatory Burden

AGENCY: Farm Credit Administration.

ACTION: Final Notice of Intent.

SUMMARY: This document is part of the Farm Credit Administration’s (FCA, Agency, we or our) 2013 initiative to reduce regulatory burden for Farm Credit System (FCS or System) institutions. Several System institutions responded to our July 2013 request for comments by identifying regulations that they considered burdensome, ineffective, or duplicative, and this document responds to those comments.

DATES: July 21, 2014.

ADDRESSES: Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102–5090.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

I. Background

On July 18, 2013, we published a document in the **Federal Register** inviting the public to comment on our regulations that duplicate other requirements, are not effective in achieving stated objectives, are not based on law, or impose burdens that are greater than the benefits received.¹ We received letters from Farm Credit East, ACA (Farm Credit East), Farm Credit Services of America, ACA (FCSA), Lone Star AgCredit, ACA (Lone Star), AgSouth Farm Credit, ACA (AgSouth), and the Farm Credit Council (Council) containing 16 comments. The letters commented on regulations concerning: Standards of conduct; eligibility and scope of financing; participations and syndications; liquidity reserve; issuance of equities; borrower rights; production of documents; financing for farm-related services; advisory votes on senior officer compensation; FCA guidance; and technical corrections needed.

The purpose of this document is to discuss the comments raised about FCA

¹ See 78 FR 42893.

regulations and FCA activities. A number of the issues raised by commenters concern changes that cannot be implemented because they are inconsistent with the Farm Credit Act of 1971, as amended (Act), safety and soundness, and/or other guidance. Some comments raise issues that are the subject of other regulatory projects scheduled for consideration by the FCA as set forth in the FCA's 2014 Regulatory Project Plan, which is available on the FCA's Web site, and those issues will be addressed in the planned regulatory projects. In other cases, commenters identified issues that need significant further evaluation before we can consider whether changes are appropriate. Although we are not recommending changes to these regulations at this time, we may propose changes in the future.

II. Regulations That We Are Not Proposing To Change at This Time

A. Standards of Conduct

Comment: The Council stated that the requirements in §§ 612.2140 and 612.2150 regarding director- and employee-prohibited conduct prohibit System employees and directors from acquiring property owned by the bank or any affiliated association that was acquired as a result of a foreclosure or similar action except by inheritance or through public auction or open competitive bidding available to the general public. The Council stated that the Standards of Conduct regulations could reference collateral acquired by a System institution directly or through use of an acquired property unincorporated business entity.

FCA Response: On February 20, 2014, the FCA published a proposed rule that would amend our Standards of Conduct regulations. See 79 FR 9649. This comment is being considered by the FCA as part of that rulemaking project.

B. Eligibility and Scope of Financing

Comment: The Council and Farm Credit East both felt that there is a need to revisit the processing and marketing authorities found in § 613.3010, which deal with financing for processing or marketing operations. They both stated that there is considerable overlap between certain farm-related business services with some processing and marketing operations. They both feel that the idea that a marketing and processing business provides value to local agriculture only when there is some throughput is out of step with the realities of today's local food systems and inhibits the System's ability to serve the growing local food industry.

FCA Response: The requirement for throughput in order to finance processing and marketing operations is found in the Act, particularly in sections 1.11 and 2.4. FCA regulations echo the requirements in the Act and do not place any additional quantifier on how much throughput is required. While we are not aware of any regulatory changes that we could make in implementation of this statutory requirement at this time, we note that we do have an active project on our 2014 Regulatory Projects Plan to review our regulations relating to lending to farm-related businesses. We will consider this comment in connection with that review.

C. Participations/Syndications Reporting Requirements

Comment: Farm Credit East commented that the reporting requirements in the participations/syndications study are burdensome and manually intensive. Farm Credit East states that the study has been in place for several years and it would be appropriate for the FCA to revise the definition of participation therefore eliminating the burdensome nature of the study.

FCA Response: The FCA appreciates that the reporting requirements for this study can be inconvenient in the short term. However, we believe that detailed reporting is necessary for a thorough analysis of the issue and credibility of the study. We will take these comments into consideration as we continue to evaluate the syndication study and its reporting requirements.

D. Liquidity Reserve

Comment: The Council stated that under § 615.5143, securities used for investment, risk management, or cash management purposes cannot count toward meeting regulatory liquidity standards. The Council states that the FCA's requirement that an investment serve a single purpose is unduly burdensome and increases costs for System institutions.

FCA Response: Section 615.5143 provides that ineligible investments may not satisfy liquidity requirements under § 615.5134. Section 615.5134(c) provides that an unencumbered investment held in the liquidity reserve cannot be used as a hedge against interest rate risk if liquidation of that particular investment would expose the bank to a material risk of loss. Inversely, as the FCA discussed in the preamble to its final rule on investment management, the rule allows a System bank to hedge interest rate risk with assets held in the liquidity reserve

provided that the hedging activity would not expose the bank to a material risk of loss in a liquidity crisis.² This issue was vetted recently in connection with that rulemaking and we continue to believe that for safety and soundness reasons all assets held in the liquidity reserve should be unencumbered, marketable, and should not be used as a hedge against interest rate risk if liquidation of that particular investment would expose the bank to a material risk of loss. The FCA encourages the Council and others to consider submitting this and related comments in response to the FCA's request for comment on its proposed Investment Eligibility rule.³

E. Issuance of Equities

Comment: The Council commented that the 60-day approval window required under § 615.5255(f) for issuance of equities can preclude a System institution from taking advantage of market conditions and result in a more costly preferred stock issuance. The Council suggested that the FCA consider establishing a shelf registration process which could provide for a standardized preferred stock offering and be valid for a set period of time. The FCA could approve the terms and conditions of the offering. When the institutions determine that market conditions are right, they could submit revised recent financial results for expedited FCA approval and then issue the preferred stock.

FCA Response: The FCA agrees that there may be situations in which a shelf registration process is efficient. The FCA is open to and will consider and evaluate any institution request under § 615.5255 to establish a shelf registration for a standardized preferred stock offering for a set period of time. We would prefer to continue to address this topic on a case-by-case basis under § 615.5255 until we and FCS institutions have gained more experience with shelf approvals. After further study, FCA may propose changes to § 615.5255 to incorporate shelf approvals or may provide guidance in an Agency Bookletter or Informational Memorandum.

F. Borrower Rights

Comment: Lone Star commented that the requirements outlined under § 617.7410(a) should be clarified or expanded to recognize and take into account that the purpose of a distressed

² See 78 FR 23438, 23450 (April 18, 2013).

³ See FCA News Release, June 12, 2014; <http://www.fca.gov>. Following a 30-day period for congressional review, the proposed rule will be published in the **Federal Register** for a 90-day comment period.

loan restructuring and safety and soundness are not satisfied when a borrower engages in criminal activity or diverts, wastes, or dissipates collateral. Lone Star further stated that a qualified lender should not be required to offer a distressed loan restructuring to a borrower who has engaged in a criminal activity, such as fraud, false statements on an application, false financial information, misapplication of fiduciary property, or related activities independent of collateral issues altogether. The qualified lender, under those circumstances, should be able to take actions necessary to protect the collateral and minimize the loss to the institution without having to first offer an opportunity to restructure the distressed loan.

FCA Response: The rules regarding borrower rights are set forth by statute. The Act provides generally that a lender may not foreclose on any distressed loan before providing notice and giving the borrower an opportunity to apply for loan restructuring. See section 4.14A(b). A lender may consider the borrower's management skills to protect the collateral, including any suspected wrongful activity, in the lender's consideration of the borrower's application for restructuring. See section 4.14A(d). The lender's authority to enforce a contractual provision allowing foreclosure without following restructuring procedures is also dictated by statute. The Act provides that a lender may enforce contractual provisions that allow the lender to foreclose if the lender has reasonable grounds to believe that the loan collateral will be destroyed, dissipated, consumed, concealed or permanently removed from the State. See section 4.14A(j). The FCA is unable to issue regulations expanding upon this statutory authority. In analyzing a restructuring application and in considering whether a lender has grounds for taking immediate action to protect collateral, we caution that suspicion or evidence of a criminal act or the filing of a criminal referral to appropriate authorities does not establish guilt of any criminal activity.

Comment: Farm Credit East commented that in cases where a borrower has recommended a loan restructuring plan and the association wishes to accept that plan, it should not be required to conduct a separate least cost analysis for the restructuring request.

FCA Response: FCA has previously concluded in its Frequently Asked Questions on borrowers' rights, available on our Web site, that the least cost analysis is required by the Act, is

appropriate for a safe and sound analysis of whether to restructure the loan, and should be prepared for every plan of restructure. Section 4.14A(d) of the Act provides that when a qualified lender receives an application for restructuring from a borrower, the qualified lender must consider, in determining whether or not to restructure the loan, whether the cost of restructuring is equal to or less than the cost of foreclosure. Such analysis provides a sound basis for an association to determine whether and under what terms a restructuring application should be approved. FCA is frequently reviewing issues relating to borrowers' rights as part of its examination process as well as its borrower complaint review process. We will give further consideration to this comment and consider whether we can provide any additional guidance or identify options for conducting a more streamlined analysis for new restructuring applications that the association believes should be approved, when a least cost analysis with respect to the loan has already been performed.

G. Production of Confidential Documents

Comment: The Council stated that the FCA should amend § 618.8330 to permit an institution to produce documents in cases when an attorney is acting as an officer of the court in states where that is permitted. AgSouth, FCSA and Farm Credit East stated that the current process related to the production of documents during civil litigation requires an order signed by a judge and creates unnecessary burdens of time and expense for the association, while affording no additional protection to the borrower. AgSouth stated that each state has rules in place that require counsel to maintain the confidentiality and integrity of the information sought and there is no discernible risk to the borrower over having a judge issue the order.

FCA Response: Section 618.8330(a) allows a bank or association to disclose confidential information if it is a party to the litigation. Section 618.8330(b) provides that if a bank or association is not a party to the litigation, confidential borrower information may be released only if a judge issues an order. We understand and appreciate the feedback that this requirement may pose an inconvenience to the institution. At the same time, we believe it is important to ensure impartial and fair decisions as to whether the litigant needs the confidential information in the institution's possession. Although we

are not proposing a regulatory change at this time, we will research and consider the state of the law on discovery orders and whether there may be alternative means of protecting confidential institution and borrower information while providing more flexibility and less burden for institutions.

H. Financing for Farm-Related Services

Comment: The Council and Farm Credit East stated that we should consider a revision to § 613.3020 regarding eligibility for farm-related service financing. Both believe that the Act allows the FCA considerable discretion in defining the types of businesses eligible to be considered "farm-related" services and that the 50-percent requirement for full financing is too restrictive. The Council stated that in many cases involving farm-related businesses, the service component is so interwoven with the product being provided, any attempt to distinguish the service amount from the value of the product can be arbitrary. The Council noted that the FCA included an "end review" of the Farm Related Services authority on its Fall 2013 Regulatory Agenda. The Council and Farm Credit East also stated that the FCA should include "aquatic-related" service providers as eligible for System financing. Further, the Council believes the FCA should undertake a comprehensive review of the statutory authority and remove any impediments to eligibility for System financing that is not based on the Act.

FCA Response: The FCA is conducting an ongoing review to evaluate the System's lending to farm-related service businesses under § 613.3020 and whether our regulations provide the appropriate framework for determining eligibility and purposes of financing for service providers, including service providers within local food systems, in accordance with the Act. We are considering these comments as part of that review. As indicated in FCA's 2014 Regulatory Projects Plan, the FCA projects it will continue this review through September of 2014.

With respect to aquatic-related services, sections 1.9(2), 1.11(c)(1), and 2.4(a)(3) of the Act authorize title I and II System lenders to extend credit to businesses that furnish farm-related services to farmers and ranchers directly related to their on-farm operation needs. The Act does not reference financing businesses that furnish aquatic-related services to aquatic producers and harvesters. We are closely following this topic.

I. Advisory Votes on Senior Officer Compensation

Comment: Farm Credit East commented that § 611.410, which addresses non-binding advisory votes on senior officer compensation, should be repealed as it raises legal liability issues for System directors. Farm Credit East stated further that the regulations are unnecessary and burdensome.

FCA Response: On June 9, 2014, the FCA Board approved a final rule to remove non-binding, advisory vote provisions⁴ and repeal this regulation.

J. Inconsistent Interpretations of Regulations and Guidance

Comment: The Council noted a concern regarding Agency interpretations of existing regulations. The Council stated that in many cases the guidance provided by the FCA with respect to regulations is helpful, but in some cases the Agency confuses “other guidance” with adopted regulations. The Council stated that one area System institutions report inconsistent interpretations by examiners is the requirement for System institution Human Capital Plans under § 618.8440(b)(7). Another concern noted by the Council relates to Federal Financial Institutions Examination Council (FFIEC) guidance. The Council stated that the FCA often makes reference to guidance from the FFIEC but considers it voluntary. The Council asserted that if the FCA references FFIEC guidance, it would be more appropriate to go through the proper procedures for adopting the guidance formally.

FCA Response: The FCA appreciates this feedback on its regulatory and examination activities. We agree that inconsistent interpretations of our regulations or guidance can create confusion and can be burdensome to institutions. We are committed to working to reduce any inconsistencies that may exist. To address the specific issue with respect to the Human Capital Plans required by § 618.8440(b)(7),⁵ we hope that FCA’s “Frequently Asked Questions (FAQ) on Operating and Strategic Business Planning for Diversity and Inclusion” will help reduce inconsistencies in interpretation of those requirements.⁶ Questions 4 through 10 of the FAQs address Human Capital Plans. The Office of Examination is working diligently to

ensure a consistent examination approach to these provisions.

The FFIEC is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the Federal examination of financial institutions. Its members include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau. While the FCA is not a FFIEC member, it does publish interagency regulations with some of the FFIEC members, and it shares common goals including uniformity in the regulation of, and safety and soundness in, financial institutions. FFIEC guidance, unless adopted by FCA, is not mandatory for FCS institutions, although the guidance can be useful as an example of a best practice for FFIEC member institutions. FCA commits to better communicating what references are requirements for compliance, guidance or best practices in its examination and supervision, policy development, and legal functions.

K. Obsolete References

Comment: The Council pointed out that FCA regulations at §§ 615.5206, 615.5208, and 630.20(g)(3)(i)(A) contain references to the Financial Assistance Corporation and those obsolete references should be removed.

FCA Response: The FCA has proposed removing two of the obsolete references in its proposed rule on Regulatory Capital, Implementation of Tier 1/Tier 2 Framework and will remove the remaining obsolete reference in the final rule or another rulemaking.⁷

III. Future Efforts To Reduce Regulatory Burden on System Institutions

As noted above, we will consider some of the regulatory burden issues raised in separate regulatory projects. We will continue our efforts to remove regulatory burden. However, we will maintain those regulations that are necessary to implement the Act and are critical for the safety and soundness of the System. Our approach is intended to enable the System to continue to provide credit to America’s farmers, ranchers, aquatic producers, their cooperatives and other rural residents.

Dated: July 11, 2014.

Dale L. Aultman,

Secretary, Farm Credit Administration Board.

[FR Doc. 2014–16695 Filed 7–18–14; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 417, 431, and 435

[Docket No.: FAA–2014–0418; Notice No. 14–05]

RIN 2120–AK06

Changing the Collective Risk Limits for Launches and Reentries and Clarifying the Risk Limit Used To Establish Hazard Areas for Ships and Aircraft

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to amend the collective risk limits for commercial launches and reentries. Under this proposal, the FAA would separate its expected-number-of-casualties (E_c) limits for launches and reentries. For commercial launches, the FAA proposes to aggregate the E_c posed by the following hazards: Impacting inert and explosive debris, toxic release, and far field blast overpressure. The FAA proposes to limit the aggregate E_c for these three hazards to 1×10^{-4} . For commercial reentries, the FAA proposes to aggregate the E_c posed by debris and toxic release, and set that E_c under an aggregate limit of 1×10^{-4} . Under the FAA’s proposal, the aggregate E_c limit for both launch and reentry would be expressed using only one significant digit.

The FAA also proposes to clarify the regulatory requirements concerning hazard areas for ships and aircraft. The proposed rule would require a launch operator to establish a hazard area where the probability of impact does not exceed: 0.000001 (1×10^{-6}) for an aircraft; and 0.00001 (1×10^{-5}) for a water-borne-vessel.

DATES: Send comments on or before October 20, 2014.

ADDRESSES: Send comments identified by docket number FAA–2014–0418 using any of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov> and follow the online instructions for sending your comments electronically.
- *Mail:* Send comments to Docket Operations, M–30; U.S. Department of Transportation (DOT), 1200 New Jersey

⁴ See 79 FR 34621, June 18, 2014.

⁵ See 77 FR 25577, May 1, 2012.

⁶ The FAQs can be found at <http://www.fca.gov/about/businessplanning-diversity.html>.

⁷ See FCA News Release, May 8, 2014; <http://www.fca.gov>.