

insurance companies and Farm Service Agency (FSA) offices delivering and servicing these policies will not increase from the amount of work currently required. This rule does not have any greater or lesser impact on the producer. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605), and no Regulatory Flexibility Analysis was prepared.

Federal Assistance Program

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

Executive Order No. 12372

This program is not subject to the provisions of Executive Order No. 12372, which require intergovernmental consultation with State and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

Executive Order No. 12778

The Office of the General Counsel has determined that these regulations meet the applicable standards provided in sections 2(a) and 2(b)(2) of Executive Order No. 12778. The provisions of this rule will not have a retroactive effect prior to the effective date. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. The administrative appeal provisions in 7 CFR parts 11 and 780 must be exhausted before any action for judicial review may be brought.

Environmental Evaluation

This action is not expected to have a significant impact on the quality of the human environment, health, and safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Background

This final rule amends section 2(j) in the General Crop Insurance Policy (7 CFR 401.8) as mandated by the Federal Agriculture Improvement and Reform Act of 1996. The 1996 Act removes the sodbuster/swampbuster restrictions of Title XII of the Food Security Act of 1985 (Public Law 99-198) which preclude eligibility for crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 *et seq.*), to any person who in any crop year produces an agricultural commodity on highly erodible land or converted wetland. On or after of July 3, 1996, a person who produces an agricultural commodity on a field which is classified as predominantly highly erodible land or a

converted wetland may apply for crop insurance if the sales closing date for the crop has not passed. Until the effective date, crop insurance policyholders must remain in compliance with the sodbuster/swampbuster provisions. Since these provisions are mandated by statute and planting decisions for the 1996 crop year have been or will shortly be made, it is impracticable and contrary to the public interest to publish this rule for notice and comment prior to making the rule effective. However, comments are solicited for 60 days after the date of filing with the Federal Register and will be considered by FCIC before this rule is made final.

List of Subjects in 7 CFR Part 401

Crop insurance, General crop insurance policy.

Final Rule

Pursuant to the authority contained in the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 *et seq.*), the Federal Crop Insurance Corporation hereby amends the General Crop Insurance Policy in 7 CFR part 401, effective July 3, 1996, to read as follows:

PART 401—[AMENDED]

1. The authority citation for 7 CFR part 401 continues to read as follows:

Authority: 7 U.S.C. 1506(l), 1506(p).

2. 7 CFR part 401.8 is amended by revising section 2j. of the General Crop Insurance Policy to read as follows:

§ 401.8 The application and policy.

* * * * *

General Crop Insurance Policy

* * * * *

2. Crop, Acreage, and Share Insured

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j. Although your violation of a number of federal statutes including the Federal Crop Insurance Act may cause cancellation, termination, or voidance of your insurance contract, you are specifically directed to the provisions of Title XII of the Food Security Act of 1985 (Public Law 99-198) and the regulations promulgated thereunder, generally referred to as the controlled substance provisions. Your insurance policy will be cancelled if you are determined to be in violation of these provisions. We will recover any and all monies paid to you or received by you and your premium will be refunded.

* * * * *

Signed in Washington, DC, on July 16, 1996.

Suzette M. Dittrich,

Deputy Manager, Federal Crop Insurance Corporation.

[FR Doc. 96-18616 Filed 7-25-96; 8:45 am]

BILLING CODE 3410-FA-P

Agricultural Marketing Service

7 CFR Part 956

[Docket No. FV96-956-2 FIR]

Sweet Onions Grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon; Assessment Rate

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: The Department of Agriculture (Department) is adopting as a final rule, with change, the provisions of an interim final rule that established an assessment rate for the Walla Walla Sweet Onion Committee (Committee) under Marketing Order No. 956 for the 1996-97 and subsequent fiscal periods. The Committee is responsible for local administration of the marketing order which regulates the handling of Sweet Onions grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon. Authorization to assess onion handlers enables the Committee to incur expenses that are reasonable and necessary to administer the program.

EFFECTIVE DATE: Effective on June 1, 1996.

FOR FURTHER INFORMATION CONTACT: Martha Sue Clark, Program Assistant, Marketing Order Administration Branch, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, room 2523-S, Washington, DC 20090-6456, telephone 202-720-9918, FAX 202-720-5698, or Robert J. Curry, Marketing Specialist, Northwest Marketing Field Office, Fruit and Vegetable Division, AMS, USDA, Green-Wyatt Federal Building, room 369, 1220 Southwest Third Avenue, Portland, OR 97204, telephone 503-326-2724, FAX 503-326-7440. Small businesses may request information on compliance with this regulation by contacting: Jay Guerber, Marketing Order Administration Branch, Fruit and Vegetable Division, AMS, USDA, P.O. Box 96456, room 2523-S, Washington, DC 20090-6456, telephone 202-720-2491, FAX 202-720-5698.

SUPPLEMENTARY INFORMATION: This rule is issued under Marketing Agreement and Order No. 956 (7 CFR part 956)

regulating the handling of Sweet Onions grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon, hereinafter referred to as the "order." The order is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the "Act."

The Department is issuing this rule in conformance with Executive Order 12866.

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the marketing order now in effect, Walla Walla Sweet Onion handlers are subject to assessments. Funds to administer the order are derived from such assessments. It is intended that the assessment rate as issued herein will be applicable to all assessable onions beginning June 1, 1996, and continuing until amended, suspended, or terminated. This rule will not preempt any State or local laws, regulations, or policies, unless they present an irreconcilable conflict with this rule.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with the Secretary a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. Such handler is afforded the opportunity for a hearing on the petition. After the hearing the Secretary would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review the Secretary's ruling on the petition, provided an action is filed not later than 20 days after the date of the entry of the ruling.

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA), the Agricultural Marketing Service (AMS) has considered the economic impact of this rule on small entities.

The purpose of the RFA is to fit regulatory actions to the scale of business subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf. Thus, both statutes have small entity orientation and compatibility.

There are approximately 50 producers of Walla Walla Sweet Onions in the

production area and approximately 30 handlers subject to regulation under the marketing order. Small agricultural producers have been defined by the Small Business Administration (13 CFR 121.601) as those having annual receipts of less than \$500,000, and small agricultural service firms are defined as those whose annual receipts are less than \$5,000,000. The majority of Walla Walla Sweet Onion producers and handlers may be classified as small entities.

The Walla Walla Sweet Onion marketing order provides authority for the Committee, with the approval of the Department, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members of the Committee are producers and handlers of Walla Walla Sweet Onions. They are familiar with the Committee's needs and with the costs for goods and services in their local area and are thus in a position to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting. Thus, all directly affected persons have an opportunity to participate and provide input.

The Committee met on March 12, 1996, and unanimously recommended 1996-97 expenditures of \$114,000 and an assessment rate of \$0.19 per 50-pound bag or equivalent of onions. In comparison, last year's budgeted expenditures were \$72,000. The assessment rate of \$0.19 is \$0.07 higher than last year's established rate. Major expenditures recommended by the Committee for the 1996-97 year include \$34,000 for administrative expenses, \$62,000 for research and promotion, and \$9,000 for compliance. Budgeted expenses for these items in 1995-96 were \$28,000, \$22,000, and \$9,000, respectively.

The assessment rate recommended by the Committee was derived by dividing anticipated expenses by expected shipments of Walla Walla Sweet Onions. Onion shipments for the year are estimated at 600,000 50-pound bags which should provide \$114,000 in assessment income, which will be adequate to cover budgeted expenses.

An interim final rule regarding this action was published in the May 6, 1996, issue of the Federal Register (61 FR 20121). That interim final rule added § 956.202 to establish an assessment rate for the Committee. That rule provided that interested persons could file comments through June 5, 1996. No comments were received.

While this rule will impose some additional costs on handlers, the costs

are in the form of uniform assessments on all handlers. Some of the additional costs may be passed on to producers. However, these costs will be offset by the benefits derived by the operation of the marketing order. Therefore, the AMS has determined that this rule will not have a significant economic impact on a substantial number of small entities.

The assessment rate established in this rule will continue in effect indefinitely unless modified, suspended, or terminated by the Secretary upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate is effective for an indefinite period, the Committee will continue to meet prior to or during each fiscal period to recommend a budget of expenses and consider recommendations for modification of the assessment rate. The dates and times of Committee meetings are available from the Committee or the Department. Committee meetings are open to the public and interested persons may express their views at these meetings. The Department will evaluate Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking will be undertaken as necessary. The Committee's 1996-97 budget and those for subsequent fiscal periods will be reviewed and, as appropriate, approved by the Department.

After consideration of all relevant material presented, including the information and recommendation submitted by the Committee and other available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

This final rule also corrects an error in the interim final rule published May 6, 1996 (61 FR 20121). On page 20122, the note immediately following amendatory instruction 2 incorrectly states that § 956.202 will not appear in the annual Code of Federal Regulations.

Pursuant to 5 U.S.C. 553, it is also found and determined that good cause exists for not postponing the effective date of this rule until 30 days after publication in the Federal Register because: (1) The Committee needs to have sufficient funds to pay its expenses which are incurred on a continuous basis; (2) the 1996-97 fiscal period began on June 1, 1996, and the marketing order requires that the rate of assessment for each fiscal period apply to all assessable onions handled during such fiscal period; (3) handlers are aware of this action which was

unanimously recommended by the Committee at a public meeting and is similar to the assessment rate action issued last year; and (4) an interim final rule was published on this action and provided for a 30-day comment period, and no comments were received.

List of Subjects in 7 CFR Part 956

Marketing agreements, Onions, Reporting and recordkeeping requirements.

PART 956—SWEET ONIONS GROWN IN THE WALLA WALLA VALLEY OF SOUTHEAST WASHINGTON AND NORTHEAST OREGON

The authority citation for 7 CFR part 956 continues to read as follows:

Authority: 7 U.S.C. 601-674.

Accordingly, the interim final rule amending 7 CFR part 956 which was published at 61 FR 20122 on May 6, 1996, is adopted with the following correction to the note immediately following amendatory instruction 2. The note should read:

This section will appear in the annual Code of Federal Regulations.

Dated: July 22, 1996.

Sharon Bomer Lauritsen,
Deputy Director, Fruit and Vegetable Division.
[FR Doc. 96-18997 Filed 7-25-96; 8:45 am]

BILLING CODE 3410-02-P

FEDERAL RESERVE SYSTEM

12 CFR Part 211

[Regulation K; Docket No. R-0916]

International Banking Operations

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: This final rule amends Regulation K to implement a provision of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the Interstate Act) that amended the International Banking Act of 1978 (the IBA) by adding a new subsection regarding the management of shell branches of foreign banks by such banks' U.S. offices. The provision prohibits foreign banks from using their U.S. branches or agencies to manage types of activities through offshore offices that could not be managed by a U.S. bank at its foreign branches or subsidiaries. This prohibition applies with respect to those offshore offices that are "managed or controlled" by a foreign bank's U.S. branches or agencies.

EFFECTIVE DATE: August 28, 1996.

FOR FURTHER INFORMATION CONTACT:

Sandra L. Richardson, Managing Senior Counsel (202/452-6406), Janet S. Crossen, Senior Attorney (202/452-3281), Legal Division; Michael G. Martinson, Assistant Director, Division of Banking Supervision and Regulation (202/452-3640), Board of Governors of the Federal Reserve System. For users of Telecommunication Device for the Deaf (TDD) only, please contact Dorthea Thompson, (202/452-3544), Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551.

SUPPLEMENTARY INFORMATION: In the Interstate Act, Congress amended section 7 of the IBA (12 U.S.C. 3105) to prevent a foreign bank from using a U.S. branch or agency to manage types of activities at offshore offices that are managed or controlled by the foreign bank's U.S. branch or agency if those types of activities could not be managed by a U.S. bank at its foreign branches or subsidiaries. The final rule adopted by the Board to implement that provision tracks the language of section 7(k) of the IBA and defines the term "managed or controlled" for purposes of the restrictions on activities set out in that section.

The definition of "managed or controlled" for this final rule is consistent with the definition of that term adopted by the Federal Financial Institutions Examination Council with respect to the Supplement (FFIEC 002S) to the quarterly Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (FFIEC 002), which is required to be filed by foreign banks with respect to their offshore shell operations that are "managed or controlled" from the United States. 57 FR 61907, Dec. 29, 1992. For purposes of the FFIEC 002S and the final rule, a non-U.S. office is considered to be "managed or controlled" by a U.S. branch or agency of a foreign bank if a majority of the responsibility for business decisions, including but not limited to decisions with regard to lending or asset management or funding or liability management, or the responsibility for recordkeeping in respect of assets or liabilities for that non-U.S. office, resides at the U.S. branch or agency.

The final rule also specifies that the types of activities that a branch or agency may manage through an office located outside of the United States include the types of activities authorized to a U.S. bank by state or federal charters, regulations issued by chartering or regulatory authorities and

other U.S. banking laws. Finally, the proposed rule states that U.S. procedural or quantitative requirements will not apply to non-U.S. offices of foreign banks.

On February 16, 1996, the Board requested public comment on a proposed rule to implement section 7(k) of the IBA. 61 FR 6956, Feb. 23, 1996. The comment period ended on March 25, 1996. The Board received two public comments on the proposal, one by a banking organization and the other by a trade association. Both commenters generally supported the proposal. Comments received addressed issues relating to the definition of "managed or controlled" and application of the rule to non-U.S. full-service offices. The Board has considered the comments and has determined not to make any modifications to the final rule from that which was proposed.

One commenter proposed that the Board should modify its definition of "managed or controlled" so that a U.S. branch or agency would not be subject to the regulation on the sole grounds that recordkeeping with respect to the assets or liabilities of a non-U.S. office resides at the U.S. branch or agency.

Alternatively, the commenter requested that if the Board determined to retain the recordkeeping prong of the definition, the Board should clarify that maintaining records at a U.S. branch or agency would not result in the application of the regulation to offshore branches that are managed by personnel outside the United States. The commenter noted that many international banks maintain data processing centers and keep other records in their U.S. offices in order to provide support services for non-U.S. branches within the Western Hemisphere.

The Board has found that the presence of records in a U.S. branch or agency relating to an offshore office often is evidence of involvement in the management of such offshore office by the U.S. branch or agency where the records reside. Eliminating responsibility for recordkeeping as a separate prong of the definition of "managed or controlled" could result in the significant potential for evasion of the provision. Accordingly, the Board has determined not to modify the definition as suggested by the commenter.

The Board, however, believes that additional guidance may be helpful to assist foreign banks in determining whether maintaining records at U.S. branches or agencies for an offshore branch would render them subject to the regulation. In this regard, the Board