

United States for export under the same conditions that currently apply to pork and pork products from Sonora and Chihuahua.

These conditions will be as follows:

1. Any person wishing to transport pork or pork products from Yucatan through the United States for export must first obtain a permit for importation from APHIS. The application for the permit tells APHIS who will be involved in the transportation, how much and what type of pork and pork products will be transported, when they will be transported, and the method and route of shipment.
2. The pork or pork products must be sealed in Yucatan in a leakproof container, with a serially numbered seal approved by APHIS. The container must remain sealed at all times while transiting the United States.
3. The person moving the pork or pork products through the United States must inform the APHIS officer at the United States port of arrival, in writing, of the following information before the pork or pork products arrive in the United States: The times and dates that the pork or pork products are expected at the port of arrival in the United States, the time schedule and route of the shipments through the United States, and the permit number and serial numbers of the seals on the containers.
4. The pork or pork products must transit the United States under Customs bond.
5. The pork or pork products must be exported from the United States within the time period specified on the permit.

Any pork or pork products exceeding the time limit specified on the permit or transiting in violation of any of the requirements of the permit or the regulations may be destroyed or otherwise disposed of at the discretion of the Administrator, APHIS, pursuant to section 2 of the Act of February 2, 1903, as amended (21 U.S.C. 111).

We believe that applying these same safeguards to shipments of pork and pork products from Yucatan would prevent tampering with the shipments, ensure that the shipments actually leave the United States, and otherwise ensure that shipments would not present a risk of introducing hog cholera. Therefore, we are proposing to amend § 94.15 to allow pork and pork products from the Mexican State of Yucatan to transit the United States for export under the same conditions that currently apply to pork and pork products from Sonora and Chihuahua.

Executive Order 12866 and Regulatory Flexibility Act

This proposed rule has been reviewed under Executive Order 12866. The rule has been determined to be not significant for the purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget.

This proposed rule would allow fresh, chilled, and frozen pork and pork products from the Mexican State of Yucatan to transit the United States, under certain conditions, for export to another country. It has been determined that Yucatan is a low risk area for hog cholera and has the veterinary infrastructure necessary to monitor for the presence of the disease.

There appears to be little risk of hog cholera exposure from shipments of pork and pork products from Yucatan transiting the United States. Assuming that proper risk management techniques continue to be applied in Mexico, and that accident and exposure risk would be minimized by proper handling during transport, the risk of exposure to hog cholera from pork in transit from Mexico through the United States would be minimal.

Shipments of pork and pork products from Yucatan transiting the United States would most likely be ocean shipments to Miami with final destinations in the Caribbean and South America. Because no overland transit of pork and pork products through the United States would be expected as a result of this rulemaking, no increase in United States trucking or other United States-based economic activity would be expected.

Both the United States and Mexico are net pork importers. United States pork imports represent approximately 2 to 3 percent of production, and Mexican imports represent 7 to 8 percent of production. With favorable income growth expected in Mexico due to trade liberalization, meat imports, including pork products, are expected to grow and limit Mexican pork exports. However, facilitating export opportunities for the Mexican pork industry may provide incentives for continued efforts to eradicate hog cholera from infected Mexican States.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action would not have a significant economic impact on a substantial number of small entities.

Executive Order 12778

This proposed rule has been reviewed under Executive Order 12778, Civil

Justice Reform. If this proposed rule is adopted: (1) All State and local laws and regulations that are inconsistent with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings will not be required before parties may file suit in court challenging this rule.

Paperwork Reduction Act

This proposed rule contains no new information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

List of Subjects in 9 CFR Part 94

Animal diseases, Imports, Livestock, Meat and meat products, Milk, Poultry and poultry products, Reporting and recordkeeping requirements.

Accordingly, 9 CFR part 94 would be amended as follows:

PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), VELOGENIC VISCEROTROPIC NEWCASTLE DISEASE, AFRICAN SWINE FEVER, HOG CHOLERA, AND BOVINE SPONGIFORM ENCEPHALOPATHY; PROHIBITED AND RESTRICTED IMPORTATIONS

1. The authority citation for part 94 would continue to read as follows:

Authority: 7 U.S.C. 147a, 150ee, 161, 162, and 450; 19 U.S.C. 1306; 21 U.S.C. 111, 114a, 134a, 134b, 134c, 134f, 136, and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332; 7 CFR 2.22, 2.80, and 371.2(d).

§ 94.15 [Amended]

2. In § 94.15, paragraph (b), the introductory text and paragraph (b)(2) would be amended by removing the words "Chihuahua or Sonora" and adding the words "Chihuahua, Sonora, or Yucatan" in their place.

Done in Washington, DC, this 20th day of February 1996.

Terry L. Medley,

Acting Administrator, Animal and Plant Health Inspection Service.

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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: Proposed rule and request for comments.

SUMMARY: The Board proposes to amend 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.

DATES: Comments must be received on or before March 25, 1996.

ADDRESSES: Comments should refer to Docket No. R-0916, and may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551. Comments also may be delivered to Room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street NW. (between Constitution Avenue and C Street) at any time. Comments may be inspected in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in 12 CFR 261.8 of the Board's rules regarding availability of information.

FOR FURTHER INFORMATION CONTACT: Kathleen O'Day, Associate General Counsel (202/452-3786), 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 NW., 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 proposed rule

implements 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 Board notes that section 7(k) does not confer upon foreign banks any right to manage activities at an offshore office from a U.S. office. The Board will continue to monitor relationships between the U.S. and offshore offices of foreign banks in the supervisory process in order to determine whether such activities are consistent with considerations relating to the safety and soundness of the U.S. operations of the foreign bank and its affiliates and compliance with law. Board staff is reviewing the use made of offshore shell branches by foreign and U.S. banks in order to gain insight into the purposes they currently serve and what, if any, supervisory risks they might pose.

Definition of "Managed and Controlled"

For purposes of the proposed 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. This definition is consistent with that 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) for the purpose of determining which U.S. branches or agencies of foreign banks "manage or control" offshore offices and thus must complete the FFIEC 002S. 57 FR 61907, Dec. 29, 1992.

In accordance with this definition, the restrictions on activities imposed by new section 7(k) of the IBA apply to those offshore offices for which a U.S. branch or agency has substantial responsibility with regard to assets or liabilities or recordkeeping. The Board considers that a determination that the restrictions apply should be made with regard to where substantive decision-making authority or responsibility for recordkeeping lies. For example, consistent with the approach taken with regard to the FFIEC 002S, a U.S. branch or agency would be deemed to "manage or control" its offshore office if (1) the manager for the U.S. branch or agency and the manager for the offshore office

are the same person or there is other significant overlap in personnel; (2) substantial responsibility for decisions regarding either assets or liabilities of the offshore office resides with staff in the U.S. branch or agency; or (3) recordkeeping systems for either assets or liabilities of the offshore office are maintained in the U.S. branch or agency. The restrictions, however, generally would not apply with respect to offshore branches that are full-service facilities managed or controlled by staff located at the offshore office or at locations other than in the United States. Furthermore, the fact that an offshore office manager may report to a U.S. branch or agency manager pursuant to reporting lines established by the foreign bank will not, by itself, necessarily mean that the offshore office would be considered to be "managed or controlled" by the U.S. branch or agency for the purposes of restrictions on activities.

Types of Activities

Section 7(k) restricts the activities that U.S. branches or agencies of foreign banks may manage through an offshore office to those types of activities that U.S. banks may manage at their foreign branches and subsidiaries, that is, those authorized under U.S. banks' state or federal charters and regulations issued by the chartering or regulatory authorities (the States, the Board, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency). In addition, foreign branches and subsidiaries of member banks may engage in activities and make and hold investments under sections 25 and 25A of the Federal Reserve Act.

Consistent with section 7(k), the proposed amendment to Regulation K, 12 CFR Part 211, refers to the types of activities conducted and not the various procedural or quantitative supervisory requirements that may apply when a particular activity is conducted by a U.S. bank at its foreign branches or subsidiaries. Section 7(k) by its terms regulates conduct of the U.S. branch or agency of the foreign bank. It does not extend U.S. supervisory requirements to non-U.S. offices of foreign banks as such offices are not supervised or regulated by the Board. Supervision of such non-U.S. offices remains the responsibility of the home country supervisor.

Request for Comments

The Board requests comments on the proposed rule, in particular with respect to the proposed definition of "managed or controlled" and the approach contemplated for determining the types of activities that may be conducted by

U.S. branches or agencies through their offshore offices.

Paperwork Reduction Act

The proposed rule does not require any "collection of information," as that term is defined in the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*).

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601-612), the Board certifies that the proposed amendments will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 12 CFR Part 211

Exports, Federal Reserve System, Foreign banking, Holding companies, Investments, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, the Board of Governors proposes to amend 12 CFR Part 211 as set forth below.

PART 211—INTERNATIONAL BANKING OPERATIONS (REGULATION K)

1. The authority citation for 12 CFR Part 211 continues to read as follows:

Authority: 12 U.S.C. 221 *et seq.*, 1818, 1841 *et seq.*, 3101 *et seq.*, 3901 *et seq.*

2. Section 211.20 is amended by removing "and" at the end of paragraph (b)(8), by removing the period at the end of paragraph (b)(9) and adding "; and" in its place, and by adding a new paragraph (b)(10) to read as follows:

§ 211.20 Authority, purpose, and scope.

(b) * * *
(10) The management of shell branches (12 U.S.C. 3105(k)).

3. Section 211.24 is amended by adding a new paragraph (g) to read as follows:

§ 211.24 Approval of offices of foreign banks; procedures for applications; standards for approval; representative office activities and standards for approval; preservation of existing authority.

(g) *Management of shell branches.* (1) A state-licensed branch or agency shall not manage, through an office of the foreign bank which is located outside the United States and is managed or controlled by such state-licensed branch or agency, any type of activity that a bank organized under the laws of the United States or any State is not permitted to manage at any branch or subsidiary of such bank which is located outside the United States.

(2) For purposes of this paragraph (g), an office of a foreign bank located outside the United States is "managed or controlled" by a state-licensed branch or agency 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 state-licensed branch or agency.

(3) The types of activities that a state-licensed branch or agency may manage through an office located outside the United States that it manages or controls 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, including the Federal Reserve Act, and the implementing regulations, but U.S. procedural or quantitative requirements that may be applicable to the conduct of such activities by U.S. banks shall not apply.

By order of the Board of Governors of the Federal Reserve System, February 15, 1996.
William W. Wiles,
Secretary of the Board.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Parts 203, 256, and 260

RIN 1010-AC13

Royalty Relief for Outer Continental Shelf Leases in the Gulf of Mexico

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Outer Continental Shelf Deep Water Royalty Relief Act (Act) authorizes the Secretary of the Interior (Secretary) to modify the terms of certain existing leases and to establish new terms for leases in water depths of 200 meters or greater in parts of the Central and Western Gulf of Mexico. This document solicits recommendations and comments on rules that would implement the new authority under the Act.

DATES: MMS will consider all comments we receive by April 8, 1996. We will begin reviewing comments at that time and may not fully consider comments

we receive after April 8, 1996. Please note, we expect that the 180-day time limit the Act imposes to issue regulations will preclude granting extensions of the 45-calendar-day comment period.

ADDRESSES: Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Mail Stop 4700; 381 Elden Street; Herndon, Virginia 22070-4817; Attention: Chief, Engineering and Standards Branch.

FOR FURTHER INFORMATION CONTACT:

To obtain a copy of the Act or for other information regarding this notice, contact Walter Cruickshank, Chief, Offshore Minerals, Analysis Division, Minerals Management Service, at either Mail Stop 4013, 1849 C Street, NW; Washington, DC 20240, or telephone: (202) 208-3822. You may also access the text of the Act from the MMS homepage on the World Wide Web at <http://www.mms.gov/whatsnew.html>. Because of the Act's complexity, readers should have a copy of the Act available when reviewing this notice.

SUPPLEMENTARY INFORMATION:

Summary of Legislative Provisions

On November 28, 1995, the President signed the Act (Pub. L. 104-58). The Act authorizes the Secretary to modify the royalty or net profit share terms of certain existing leases and to offer new leases subject to the Act's provisions for royalty suspension volumes in water depths of 200 meters or greater in parts of the Central and Western Gulf of Mexico. The Act directs the Secretary to promulgate implementing regulations within 180 days of enactment. MMS and the Secretary are making every effort to meet this deadline. Given the complexities of the Act and the time constraints for implementation, how should MMS best address the issues the Act raises in a timely fashion?

The purpose of this notification is to solicit recommendations and comments from the oil and natural gas industries, Federal agencies, State and local governments, environmental groups, academia, and the public on the general administrative and regulatory framework for fulfilling the Secretary's responsibilities under the Act.

(Special Note: Oil and natural gas industry trade associations are encouraged to act as coordinators for information responses from member companies pertaining to this notice.)

Recommendations and detailed comments are also solicited on certain issues or technical questions that are necessary to establish workable rules and regulations to implement the Act.