the tracking number ''PB–402404–OH.'' Electronic comments on this document may be filed online at many Federal Depository Libraries.

Authority: 15 U.S.C. 2682, 2684.

List of Subjects

Environmental protection, Hazardous substances, Lead, Reporting and recordkeeping requirements.

Dated: May 11, 1998.

David A. Ullrich,

Acting Regional Administrator, Region V.

[FR Doc. 98–13628 Filed 5–20–98; 8:45 am]

BILLING CODE 6560–50–F

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Meeting of the President's Committee of Advisors on Science and Technology

ACTION: Notice of meeting.

SUMMARY: This notice sets forth the schedule and summary agenda for a meeting of the President's Committee of Advisors on Science and Technology (PCAST), and describes the functions of the Committee. Notice of this meeting is required under the Federal Advisory Committee Act.

DATES AND PLACE: June 9, 1998. The White House Conference Center, Truman Room, Third Floor, 726 Jackson Place, NW., Washington, DC 20500.

TYPE OF MEETING: Open.

PROPOSED SCHEDULE AND AGENDA: The President's Committee of Advisors on Science and Technology (PCAST) will meet in open session on Tuesday, June 9, 1998, at approximately 10:00 a.m. to discuss (1) international S&T issues, (2) public understanding of science and technology, and (3) topics of Congressional concern. This session will end at approximately 3:30 p.m.

PUBLIC COMMENTS: There will be a time allocated for the public to speak on any of the above agenda items. Please make your request for the opportunity to make a public comment five (5) days in advance of the meeting. Written comments are welcome anytime prior to or following the meeting. Please notify Holly Gwin, OSTP Chief of Staff, at 202–456–6140 or fax your requests/ comments to 202–456–6026.

FOR FURTHER INFORMATION CONTACT: For information regarding time, place, and agenda please call Holly Gwin, OSTP Chief of Staff, at 202–456–6140, prior to 3:00 p.m. on Friday, June 5, 1998. Please note that public seating for this meeting is limited, and is available on a first-come, first-served basis.

SUPPLEMENTARY INFORMATION: The President's Committee of Advisors on Science and Technology was established by Executive Order 12882, as amended, on November 23, 1993. The purpose of PCAST is to advise the President on matters of national importance that have significant science and technology content, and to assist the President's National Science and Technology Council in securing private sector participation in its activities. The Committee members are distinguished individuals appointed by the President from non-Federal sectors. The PCAST is co-chaired by the Assistant to the President for Science and Technology, and by John Young, former President and CEO of the Hewlett-Packard Company.

Dated: May 18, 1998.

Barbara Ann Ferguson,

Administrative Officer, Office of Science and Technology Policy.

[FR Doc. 98–13599 Filed 5–20–98; 8:45 am]

BILLING CODE 3170–01–M

FARM CREDIT ADMINISTRATION

[BM–14–May–98–02]

Interest Rate Risk Management

AGENCY: Farm Credit Administration.

ACTION: Proposed policy statement with request for comment.

SUMMARY: The Farm Credit Administration (FCA or Agency), through the FCA Board (Board), is issuing for comment a proposed policy statement that provides guidance on interest rate risk management practices to Farm Credit System (System) institutions and describes the Agency's approach to evaluating interest rate risk when making a determination of capital adequacy.

The proposed policy statement identifies key elements of sound business principles and practices for interest rate risk management by a System institution. The policy statement also provides criteria by which the Agency will evaluate the adequacy and effectiveness of a System institution's interest rate risk management.

DATES: Written comments should be received on or before June 22, 1998.

ADDRESSES: Comments may be mailed or delivered to Patricia W. DiMuzio, Director, Regulation and Policy Division, Office of Policy and Analysis, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 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:

Andrew D. Jacob, Senior Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, Virginia 22102–5090, (703) 883–4498, TDD (703) 883–4444,

or

Wendy R. Laguarda, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, Virginia 22102–5090, (703) 883–4020, TDD (703) 883–4444.

SUPPLEMENTARY INFORMATION:

I. Background

The FCA's proposed Capital Phase III rule, in §§ 615.5180 and 615.5182, proposes that System banks and other System institutions (excluding the Federal Agricultural Mortgage Corporation) with interest rate risk implement appropriate risk management practices (*see* 62 FR 49623, Sept. 23, 1997). Proposed § 615.5181 provides that a System institution's board of directors (board) is responsible for maintaining effective oversight of interest rate risk management whereas senior management is responsible for ensuring that interest rate risk is properly managed. In the supplementary information to the proposed Capital Phase III rule, the Board stated its intention to provide additional guidance regarding sound interest rate risk management practices for A System institution.

In addition, proposed §§ 615.5350(b)(7) and 615.5355(a)(4) provide that the FCA may take action against an institution for failure to maintain sufficient capital for interest rate risk exposures. A System institution found to have high levels of exposure or weak interest rate risk management practices may be directed by the Agency to take corrective action, which may include raising additional capital, strengthening interest rate risk management expertise, improving interest rate risk management practices, reducing levels of exposure, or a combination thereof. The supplementary information to the proposed Capital Phase III rule states that a risk assessment approach will be used to evaluate a System institution's capital adequacy for interest rate risk and to determine what corrective action, if any, may be necessary. Additional guidance is now being provided by the FCA in this proposed policy statement.

Over the past several years, FCA examiners have considered the level of interest rate risk exposure, as well as the effectiveness of interest rate risk management practices, when concluding on an institution's capital adequacy and compliance with the requirements of § 615.5200(b)(7).[1] Considering previous examination results, the Agency does not anticipate that a System institution will be required to hold additional capital or enhance existing risk management practices for interest rate risk based solely on the Agency's implementation of the criteria contained in the proposed policy statement.

II. Discussion

The proposed policy statement addresses prudent interest rate risk management principles that the FCA expects a System institution to consider in its interest rate risk management processes. The FCA has emphasized these principles over the past several years in its examination, supervisory, and regulatory efforts. Moreover, many System institutions have already implemented interest rate risk management practices consistent with the principles contained in this policy statement. The policy statement also provides criteria by which the Agency will evaluate the adequacy and effectiveness of a System institution's interest rate risk management. In addition, the principles discussed here are consistent with the joint policy statement issued by other Federal financial institution regulatory agencies on interest rate risk management principles as applied to federally insured and supervised commercial banks and savings banks (*see* 61 FR 33166, June 26, 1996).[2]

Interest rate changes can affect an institution's earnings by changing net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying market value of an institution's assets, liabilities and off-balance sheet instruments. This occurs because the present value of a financial instrument's future cashflows, and in many cases the cashflows themselves, change when interest rates change. The combined effects of the changes in the present values of an institution's assets and liabilities reflect the change in an institution's underlying market value of equity.

Interest rate risk results from:

- Maturity or coupon adjustment timing differences of assets, liabilities, and off-balance sheet instruments (repricing or mismatch risk);
- Changes in the slope of the yield curve (yield curve risk);
- Imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics (basis risk); and
- Interest rate-related options embedded in assets, liabilities, and off-balance sheet instruments (options risk).

While interest rate risk is an inherent part of banking, it can become excessive and pose a significant threat to an institution's earnings and capital base. Accordingly, a well-managed risk management process that maintains interest rate risk within prudent levels is essential to the safety and soundness of a System institution.

III. Request for Comment

The Board requests comment on the Agency's proposed policy statement on interest rate risk management as set forth below in its entirety.

Policy Statement on Interest Rate Risk Management

BM–14–May–98–02

FCA–PS–##

Effective Date: None; Proposed Policy Statement with request for comment. Comment period is 30 days from publication in the **Federal Register**.

Effect on Previous Actions: None.

Source of Authority: Sections 5.9 and 5.17 of the Farm Credit Act of 1971, as amended.

I. Purpose

Interest rate risk is the exposure of a Farm Credit System (System) institution's financial condition to adverse movements in interest rates. This policy statement provides guidance to System institutions on prudent interest rate risk management principles. The policy statement also provides criteria by which the Farm Credit Administration (FCA or Agency) will evaluate the adequacy and effectiveness of a System institution's interest rate risk management.

II. Board of Directors' Responsibilities

Effective board of directors (board) oversight of an institution's interest rate risk activities is the cornerstone of a sound risk management process. The board should understand the nature and level of interest rate risks and how such risks relate to the overall business strategies of the institution. The board should also define its risk tolerance levels and expectations for interest rate risk management. To accomplish effective oversight, a board should, at a minimum, carry out the following responsibilities:

- Approve major business strategies and policies addressing interest rate risk, including establishing relevant risk limits, and integrating such strategies and policies into the institution's overall strategic and financial planning processes;
- Ensure that senior management implements a sound risk management process that facilitates the identification, measurement, monitoring, reporting, and control of interest rate risk;
- Monitor the institution's performance and overall interest rate risk profile to ensure that risk is maintained at prudent levels; and
- Ensure that adequate resources and proper control systems are devoted to interest rate risk management, including measurement activities.

III. Senior Management Responsibilities

Senior management is responsible for ensuring that interest rate risk is properly managed on both a long-range and day-to-day basis. In managing the institution's activities, senior management should, at a minimum:

- Develop and implement procedures that translate the board's major business strategies and policies addressing interest rate risk, including risk limits, into operating standards;
- Ensure adherence to the lines of authority and responsibility that the board has approved for managing, measuring, and reporting interest rate risk exposures;
- Oversee the implementation and maintenance of management information and other systems that appropriately manage and control interest rate risk; and
- Establish proper internal controls and audits over the interest rate risk management process.

An institution's board or senior management may delegate authority for implementing many aspects of board policy on risk management to an internal committee composed of qualified officers and staff members. Any such risk management committee should be a decision-making body involved in the acquisition, allocation, and pricing of the institution's resources in a manner consistent with both the goals established in a business plan and the risk tolerances established by the board.

IV. Interest Rate Risk Management Process

Effective control of interest rate risk requires a comprehensive management process that includes the following elements:

- Policies and procedures designed to control the nature and amount of interest rate risk that the institution assumes;
- A system for identifying and measuring interest rate risk;
- A system for monitoring and reporting interest rate risk; and
- A system of internal controls, review, and audit to ensure the integrity of the overall risk management process.

Each of the foregoing elements is discussed below.

A. Risk Limits

Each System institution should establish appropriate controls to effectively limit interest rate risk exposures within the risk tolerances established by the board. Established risk limits should be consistent

[1] Section 615.5200(b)(7) requires the board of directors of a System institution to consider other risk-oriented activities, such as interest rates risks, in developing its formal written capital adequacy plan.

[2] The Federal agencies that issued a joint policy statement on interest rate risk management are the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation.

with the overall measurement approach and should consider capital levels and earnings performance. Risk limits also should be clearly defined, ensure that exposures will not lead to an unsafe or unsound condition, be consistent with the nature and complexity of the institution's activities, and be evaluated within the institution's total risk-bearing capacity. The risk limits should address the potential impact of changes in market interest rates on both reported earnings and the market value of equity. Exceptions to established risk limits should be appropriately reported, approved, and controlled. In addition, risk limits should be reviewed at least annually to ensure that they remain appropriate. A System institution's board and senior management should further ensure that adequate operational procedures, controls, and risk limits are in place prior to introducing a new product, hedging, or position-taking strategy that has the potential to increase materially the institution's interest rate risk exposure.

B. Interest Rate Risk Identification and Measurement

Senior management should ensure the adequacy and completeness of the interest rate risk identification and measurement system. The quality and reliability of the identification and measurement system depends on the type of system used, the quality of the data, and various assumptions used in the model; therefore, close attention to these areas is needed. Senior management should ensure that the identification and measurement system:

- Enables management to recognize and identify in a timely and accurate manner risks arising from the institution's existing activities and from new business activities;
- Captures and measures all material sources of interest rate risk in ways that are consistent with the scope of the institution's activities [3] and considers all relevant repricing and maturity data such as current balances, contractual rates, principal payments, interest reset dates, maturities, index rates, and rate caps and floors;
- Contains assumptions that are clearly communicated to and understood by risk managers and the board of directors; and
- Measures an institution's vulnerability to loss under stressful market conditions, including a breakdown of key assumptions.

When assessing the scope of an institution's exposure, risk managers should consider the effect on earnings and, when appropriate, market value of equity. The effect on earnings is important because reduced earnings or losses can adversely affect liquidity and capital adequacy. The effect on market value of equity is important because adverse changes in the market value of assets, liabilities, and off-balance sheet instruments can affect the future performance and liquidity of a System institution.

C. Monitoring and Reporting

Each System institution must have adequate information systems for monitoring and reporting interest rate risk exposures. These systems should provide the board, senior management, and any risk management committee with clear, concise, and timely summaries of the institution's aggregate exposures, compare current exposure to policy limits, and allow for a determination of whether the institution holds sufficient capital in relation to the level of risk exposure. Risk reports should provide sufficient information for the board and senior management to assess exposure. The frequency of internal reporting should be determined by the board and senior management and should depend on the amount and complexity of an institution's level of risk.

D. Internal Controls and Audits [4]

Each System institution should maintain an effective system of internal controls as part of its interest rate risk management process. Controls should include a process for identifying and evaluating risk, establishing appropriate approval processes and exposure limits, and requiring reconciliations, audits, and other mechanisms designed to provide reasonable assurance that interest rate risk is managed in a safe and sound manner. The controls should ensure official lines of authority and the appropriate separation of duties to avoid conflicts of interest, and should ensure that personnel follow established policies and procedures.

An institution with more complex interest rate risk exposures should ensure that its interest rate risk process is audited on a regular basis. The audits should be conducted by qualified individuals who are independent of the function they are assigned to audit. The audits should test the effectiveness of controls and ensure appropriate follow-up with management where risk limits have been exceeded or deficiencies in interest rate risk management are identified. Audits of risk measurement systems and models should include assessments of the assumptions, parameters, and methodologies used. The audit results should be reported to the board and senior management.

E. Additional Guidance on the Interest Rate Risk Management Process

The interest rate risk management process will vary among each System institution in accordance with the level of its interest rate risk exposure. For instance, a System bank, direct lender association, or a service corporation that is exposed to and managing major sources of interest rate risk should employ comprehensive interest rate risk management and measurement practices that address all applicable elements of an effective interest rate risk management process discussed in this policy statement. These practices should ensure the establishment and maintenance of adequate controls over the identification, measurement, monitoring, and reporting of all sources of interest rate risk.

The formality and comprehensiveness of the risk management process will vary among each System association depending on the extent to which interest rate risk is centrally managed by its funding bank. For instance, a direct lender association that is managing some sources of interest rate risk locally and that has the potential for a moderate level of interest rate risk exposure should implement an interest rate risk program that includes:

(a) A policy that defines the board's interest rate risk tolerance arising from the sources of interest rate risk being managed locally and that sets risk limits from an earnings perspective and, if appropriate considering the sources of interest rate risk being managed, a market value of equity perspective;

(b) Procedures and practices established by senior management that adequately identify, measure, control, monitor, and report interest rate risks within the association's direct control;

(c) Procedures and practices established by senior management that ensure that the board understands the sources and exposure levels of interest rate risk;

(d) Reliable information systems and modeling capabilities that are commensurate with the nature of the interest rate risk being managed and that measure interest rate risk under various economic scenarios; and

(e) Consideration of interest rate risk exposures in the capital adequacy plan as required by § 615.5200(b)(7).

Finally, a direct lender association that relies on its funding bank to manage essentially all sources of interest rate risk and that has a minimal level of interest rate risk exposure should establish an interest rate risk management program that includes:

(a) A policy that establishes the board's tolerance for interest rate risk;

(b) Procedures to ensure that the board and senior management understand the sources and exposure levels of interest rate risk;

(c) Consideration of interest rate risk exposures in the capital adequacy plan as required by § 615.5200(b)(7); and

(d) An analysis, prepared at least annually, of potential earnings exposure to changing interest rates.

V. FCA's Capital Assessment for Interest Rate Risk

FCA examiners will assess an institution's capital adequacy for interest rate risk based on the evaluation of an institution's level of interest rate risk exposure and its risk management practices performed in accordance with the FCA's Financial Institution Rating System. The results of an institution's interest rate risk management measures will be considered when evaluating interest rate risk exposure levels.

For a System institution with a high level of interest rate risk or a complex risk exposure, interest rate risk should be measured over a range of potential interest rate changes, economic scenarios, and yield curve shifts so as to effectively capture all material interest rate risk exposures (options, mismatch/repricing, basis, and yield curve). For a System association where the majority of interest rate risk is managed by the funding bank, any locally managed interest rate risk should be measured at least annually as part of its annual financial planning process.

[4] "Audits" is used here to refer to audits performed by either internal or external auditors. An institution can rely on qualified internal auditors to perform the audit functions by may wish to consider using external auditors if the interest rate risk exposures are complex and appropriate interest rate risk management practices and critical to controlling risk exposures at prudent levels.

Dated: May 15, 1998.

Floyd Fithian,

Secretary, Farm Credit Administration Board.

[FR Doc. 98–13626 Filed 5–20–98; 8:45 am]

BILLING CODE 6705–01–P

FEDERAL COMMUNICATIONS COMMISSION

Notice of Public Information Collection(s) being Reviewed by the Federal Communications Commission

May 13, 1998.

SUMMARY: The Federal Communications Commission, as part of its continuing effort to reduce paperwork burden invites the general public and other Federal agencies to take this opportunity to comment on the following information collection(s), as required by the Paperwork Reduction Act of 1995, Public Law 104–13. An agency may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the Paperwork Reduction Act (PRA) that does not display a valid control number. Comments are requested concerning (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimate; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

DATES: Written comments should be submitted on or before July 20, 1998. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: Direct all comments to Judy Boley, Federal Communications Commission, Room 234, 1919 M St., NW., Washington, DC 20554 or via internet to jboley@fcc.gov.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection(s), contact Judy Boley at 202–418–0214 or via internet at jboley@fcc.gov.

SUPPLEMENTARY INFORMATION:

OMB Approval Number: 3060-0430.

Title: 47 CFR 1.1206, Permit-but-disclose proceedings.

Form No.: N/A.

Type of Review: Revision of a currently approved collection.

Respondents: Businesses or other for-profit, individuals or households, not-for-profit institutions, Federal Government, State, Local, or Tribal Government.

Number of Respondents: 10,000 responses.

Estimated Time Per Response: 1/2 hour.

Estimated Cost per Respondent: $25/response.

Total Annual Burden: 5,000 hours.

Frequency of Response: On occasion reporting requirement.

Needs and Uses: The Commission's rules require that a public record be made of ex parte presentations (*i.e.*, written presentations not served on all parties to the proceeding or oral presentations as to which all parties have not been given notice and an opportunity to be present) to decision-making personnel in ''permit-but-disclose'' proceedings, such as notice-and-comment rule makings and declaratory ruling proceedings. Persons making such presentations must file two copies of written presentations and two copies of a memorandum reflecting new data or arguments in oral presentations no later than the next business day after the presentation. Effective June 30, 1998, if ex parte presentations are filed electronically, only one copy need be filed. Parties to permit-but-disclose proceedings, including interested members of the public, use information regarding ex parte presentations to respond to the arguments made and data presented in the presentations. The responses may then be used by the Commission in its decision-making. The availability of the ex parte materials helps ensure that the interested persons have fair notice of presentations made to the Commission and the development of a complete record.

Federal Communications Commission.

Magalie Roman Salas,

Secretary.

[FR Doc. 98–13465 Filed 5–20–98; 8:45 am]

BILLING CODE 6712–01–F

FEDERAL COMMUNICATIONS COMMISSION

Notice of Public Information Collection(s) Being Reviewed by the Federal Communications Commission

May 15, 1998.

SUMMARY: The Federal Communications Commission, as part of its continuing effort to reduce paperwork burden invites the general public and other Federal agencies to take this opportunity to comment on the following information collection(s), as required by the Paperwork Reduction Act of 1995, Public Law 104–13. An agency may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the Paperwork Reduction Act (PRA) that does not display a valid control number. Comments are requested concerning (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimate; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

DATES: Written comments should be submitted on or before July 20, 1998. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: Direct all comments to Judy Boley, Federal Communications Commission, Room 234, 1919 M St., N.W., Washington, DC 20554 or via internet to jboley@fcc.gov.

FOR FURTHER INFORMATION CONTACT: For additional information or copies of the information collection(s), contact Judy Boley at 202–418–0214 or via internet at jboley@fcc.gov.

SUPPLEMENTARY INFORMATION:

OMB Approval No.: 3060–0676.

Title: Policies and Rules Concerning Changing Long Distance Carrier (CC Docket No. 91–64), Section 64.1100.

Form No.: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Business or other for profit.

Number of Respondents: 75 respondents.

Estimated Time Per Response: 1.23 hours per response (avg.).

Frequency of Response: On occasion reporting requirement.

Total Annual Burden: 92.75 hours.

Estimated Annual Reporting and Recordkeeping Cost Burden: $0.

Needs and Uses: The rules require IXCs who generate customer PIC change