

Proposed Rules

Federal Register

Vol. 64, No. 188

Wednesday, September 29, 1999

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99-AWP-22]

Proposed Modification of Class E Airspace; Willows-Glen County Airport, CA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: This notice proposes to modify the Class E airspace area at Willows-Glen County Airport, CA. The establishment of a Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP) to Runway (RWY) 34 at Willows-Glen County Airport has made this proposal necessary. Additional controlled airspace extending upward from 700 feet or more above the surface of the earth is needed to contain aircraft executing the GPS RWY 34 SIAP to Willows-Glen County Airport. The intended effect of this proposal is to provide adequate controlled airspace for Instrument Flight Rules (IFR) operations at Willows-Glen County Airport, Willows, CA.

DATES: Comments must be received on or before October 20, 1999.

ADDRESSES: Send comments on the proposal in triplicate to: Federal Aviation Administration, Attn: Manager, Airspace Branch, AWP-520, Docket No. 99-AWP-22, Air Traffic Division, 15000 Aviation Boulevard, Lawndale, California, 90261.

The official docket may be examined in the Office of the Regional Counsel, Western-Pacific Region, Federal Aviation Administration, Room 6007, 15000 Aviation Boulevard, Lawndale, California, 90261.

An informal docket may also be examined during normal business hours at the Office of the Manager, Airspace Branch, Air Traffic Division at the above address.

FOR FURTHER INFORMATION CONTACT:

Larry Tonish, Air Traffic Airspace Specialist, Airspace Branch, AWP-520, Air Traffic Division, Western-Pacific Region, Federal Aviation Administration, 15000 Aviation Boulevard, Lawndale, California, 90261, telephone (310) 725-6539.

SUPPLEMENTARY INFORMATION:

Comment Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal.

Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with the comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 99-AWP-22," The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination in the Airspace Branch, Air Traffic Division, 15000 Aviation Boulevard, Lawndale, California 90261, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRM

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Airspace Branch, 15000 Aviation Boulevard, Lawndale, California 90261. Communications must identify the notice number of this NPRM. Persons

interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2A, which describes the application procedures.

The Proposal

The FAA is considering an amendment to 14 CFR part 71 by modifying the Class E airspace area at Willows-Glen County Airport, CA. The establishment of a GPS RWY 34 SIAP at Willows-Glen County Airport has made this proposal necessary. Additional controlled airspace extending upward from 700 feet above the surface is needed to contain aircraft executing the GPS approach procedure at Willows-Glen County Airport. The intended effect of this proposal is to provide adequate controlled airspace for aircraft executing the GPS RWY 34 SIAP at Willows-Glen County Airport, Willows, CA. Class E airspace designations are published in paragraph 6005 of FAA Order 7400.9G dated September 1, 1999, and effective September 16, 1999, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in this Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation—(1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this proposed rule would not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E. O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9G, Airspace Designations and Reporting Points, dated September 1, 1999, and effective September 16, 1999, is amended as follows:

Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.

* * * * *

AWP CA E5 Willows-Glen County Airport, CA [Revised]

Willows—Glen County Airport, CA
(Lat. 39°30'59"N, long. 122°13'03"W)
Maxwell VORTAC

(Lat. 39°19'03"N, long. 122°13'18"W)

That airspace extending upward from 700 feet above the surface within a 6.4-mile radius of the Willows-Glen County Airport and within 2 miles each side of the Maxwell VORTAC 360° radial, extending from the 6.4-mile radius to 3 miles north of the Maxwell VORTAC.

* * * * *

Issued in Los Angeles, California, on September 8, 1999.

John Clancy,

Manager, Air Traffic Division, Western-Pacific Region.

[FR Doc. 99–25225 Filed 9–28–99; 8:45 am]

BILLING CODE 4910–13–M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 270

[Release No. IC–24050; File No. S7–21–99]

RIN 3235–AH56

Treatment of Repurchase Agreements and Refunded Securities as an Acquisition of the Underlying Securities

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Commission is proposing for public comment a new rule and related rule amendments under the Investment Company Act of 1940 that would affect the ability of investment companies to invest in repurchase

agreements and pre-refunded bonds under the Act. The proposed rule would generally codify and update staff positions that have permitted investment companies to “look through” counterparties to certain repurchase agreements and issuers of municipal bonds that have been “refunded” with U.S. government securities and treat the securities comprising the collateral as investments for certain purposes under the Act.

DATES: Comments must be received on or before November 23, 1999.

ADDRESSES: Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549–0609.

Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comment letters should refer to File No. S7–21–99; this file number should be included on the subject line if E-mail is used. Comment letters will be available for public inspection and copying in the Commission’s Public Reference Room, 450 5th Street, N.W., Washington, D.C. 20549. Electronically submitted comment letters also will be posted on the Commission’s Internet web site (<http://www.sec.gov>).

FOR FURTHER INFORMATION CONTACT: Marilyn Mann, Senior Counsel, Office of Regulatory Policy, at (202) 942–0690, or Alison M. Fuller, Assistant Chief Counsel, Office of Chief Counsel, (202) 942–0660, Division of Investment Management, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549–0506.

SUPPLEMENTARY INFORMATION: The Commission today is requesting public comment on proposed rule 5b–3 [17 CFR 270.5b–3] and conforming amendments to rules 2a–7 [17 CFR 270.2a–7] and 12d3–1 [17 CFR 270.12d3–1] under the Investment Company Act of 1940 [15 U.S.C. 80a] (the “Act”).¹

Table of Contents

Executive Summary

I. Background

- A. Repurchase Agreements
- B. Pre-Refunded Bonds

II. Discussion

- A. Proposed Rule 5b–3(a): Treatment of Repurchase Agreements
- B. Proposed Rule 5b–3(b): Treatment of Pre-Refunded Bonds
- C. Availability of Rule 12d3–1 for Repurchase Agreements
- D. Conforming Amendments to Rule 2a–7

¹ Unless otherwise noted, all references to rule 2a–7 or rule 12d3–1, or to any paragraph of those rules, will be to 17 CFR 270.2a–7 and 17 CFR 270.12d3–1, respectively.

- E. Request for Comments
- III. Cost-Benefit Analysis
- IV. Summary of Initial Regulatory Flexibility Analysis
- V. Statutory Authority
- Text of Proposed Rule and Rule Amendments

Executive Summary

Repurchase agreements provide investment companies (“funds”) with a convenient means to invest excess cash on a secured basis, generally for short periods of time. In a typical fund repurchase agreement, a fund enters into a contract with a broker, dealer or bank (the “counterparty”) to the transaction for the purchase of securities. The counterparty agrees to repurchase the securities at a specified future date or on demand for a price that is sufficient to return to the fund its original purchase price, plus an additional amount representing the return on the fund’s investment.

The Commission is proposing a rule that would permit funds to “look through” certain repurchase agreements to the securities collateralizing the agreements for various purposes under the Act. Because a fund looks to the collateral as the ultimate source of repayment for its loan, the Commission staff has taken a “no-action” position in order to allow funds to treat certain repurchase agreements as investments in the securities making up the collateral rather than as a loan to the counterparty. Proposed rule 5b–3 would codify these positions and allow a fund to treat a repurchase agreement as an acquisition of the underlying collateral in determining whether it is in compliance with the investment criteria for diversified funds set forth in section 5(b)(1) of the Act.² The proposed rule also would codify staff no-action positions that allow a fund that enters into a repurchase agreement with a counterparty that is a broker-dealer to “look through” the repurchase agreement to the underlying collateral for purposes of section 12(d)(3) of the Act, which prohibits a fund from acquiring an interest in a broker-dealer.³ The proposed rule would require the value of the collateral at all times to be sufficient to fully cover the amount payable under the repurchase agreement (that is, the amount that the counterparty would repay the fund to repurchase the securities). In addition, the fund must evaluate whether the counterparty is creditworthy and the repurchase agreement must qualify for an exclusion from any automatic stay of creditors’ rights under the federal

² 15 U.S.C. 80a–5(b)(1).

³ 15 U.S.C. 80a–12(d)(3).