

available information, it is hereby found that this rule, as hereinafter set forth, will tend to effectuate the declared policy of the Act.

List of Subjects in 7 CFR Part 993

Dried prunes, Marketing agreements, Reporting and recordkeeping requirements.

PART 993—DRIED PRUNES PRODUCED IN CALIFORNIA

Accordingly, the interim final rule amending 7 CFR part 993 which was published at 62 FR 41808 on August 4, 1997, is adopted as a final rule without change.

Dated: September 17, 1997.

Robert C. Keeney,
Director, *Fruit and Vegetable Division.*

[FR Doc. 97-25275 Filed 9-23-97; 8:45 am]
BILLING CODE 3410-02-P

DEPARTMENT OF AGRICULTURE

Rural Housing and Community Development Service

Rural Business and Cooperative Development Service

Rural Utilities Service

Consolidated Farm Service Agency

7 CFR Part 1924

Construction and Repair

CFR Correction

In Title 7 of the Code of Federal Regulations, parts 1900 to 1939, revised as of January 1, 1997, make the following correction:

1. On page 97, in § 1924.5(h), in the fourth line, “103–354ing” should read “103–354, prior to beginning”.

BILLING CODE 1505-01-D

FARM CREDIT ADMINISTRATION

12 CFR Part 615

RIN 3052-AB75

Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; Cumulative Voting

AGENCY: Farm Credit Administration.

ACTION: Final rule.

SUMMARY: The Farm Credit Administration (FCA), through the FCA Board (Board), issues a final rule amending § 615.5230 of its regulations to provide that a Farm Credit Bank (FCB) or bank) may eliminate cumulative

voting in director elections with the consent of 75 percent of the bank's association shareholders. This rule is necessary because the existing requirement of unanimous consent was unduly burdensome, complicated, and provided questionable benefits. The effect of this rule is to ease the unanimous consent requirement while maintaining significant protection for the minority interests.

DATES: This regulation shall become effective October 24, 1997, during which either or both houses of Congress are in session. Notice of the effective date will be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: The FCA proposed to amend § 615.5230 of its regulations on April 25, 1997 (62 FR 20131), to provide that an FCB may eliminate the cumulative voting requirement for the election of directors by a vote of 75 percent of the bank's association shareholders.¹ The proposed rule was in response to petitions from several Farm Credit System (System) institutions requesting that the FCA revise the existing unanimous consent requirement for eliminating cumulative voting. The 30-day comment period expired on May 27, 1997.

The FCA received a total of eight comment letters. Five of the letters represented seven associations (some commented jointly). The other three were from the FCB of Wichita (transmitting comments of 10 of its affiliated associations); the FCB of Texas; and the Tenth District Federation of Production Credit Associations (Federation), whose members are affiliated with the FCB of Texas.

Nine associations and the Federation supported the proposed amendment; seven associations opposed the proposed amendment. One association requested that the FCA reconsider the recommendation of a two-thirds majority made by several petitioners but

¹ Farm Credit System associations that are shareholders of an FCB include Federal land bank associations, Federal land credit associations, production credit associations, and agricultural credit associations.

supported the proposed amendment if the FCA could not support the two-thirds majority. The FCB of Texas stated that it believed that a simple majority vote of all associations should control cumulative voting, but that alternatively, the supermajority requirement should be based on the number of associations that actually vote. Two institutions specifically endorsed the proposal to accord each association one vote in a vote to eliminate cumulative voting.

The associations that supported the proposed amendment generally commented that the existing regulation was unduly burdensome, complicated, and provided questionable benefits. One commenter stated that the current regulation “allows only one vote to void the wishes of the remainder of the District who support a less restrictive consent for change.”

Four associations that opposed the proposed amendment supported the continuation of the existing regulation. They commented that the original intent of the regulation was to provide smaller associations a meaningful vote by allowing them to cumulate their votes in elections and that this is now even more paramount because of the mergers, consolidations, and proposed joint management agreements at the district level. They further stated that it was important for all stockholders in the district banks to have the maximum opportunity to voice their respective votes and that there was “no valid reason for an association located in a smaller geographic size to forfeit this right.”

After careful consideration of the comments, the FCA adopts the rule as proposed. The FCA continues to believe that cumulative voting provides important protection to minority interests and, consequently, should not be subject to elimination by a two-thirds majority. The 75-percent supermajority provides the proper balance among the differing opinions by easing the unanimous requirement for eliminating cumulative voting while maintaining significant protection for the minority interests.

As noted above, one commenter stated that a supermajority requirement should be a percentage of only the shareholders that participate in the vote, rather than the total number of voting shareholders. The effect of such a change would be the possibility that a smaller number of shareholders would be able to eliminate cumulative voting if some shareholders abstain. The FCA is not persuaded that such a change is appropriate.