FEDERAL COMMUNICATIONS COMMISSION

Public Information Collection Approved by Office of Management and Budget

February 9, 1998.

The Federal Communications Commission (FCC) has received Office of Management and Budget (OMB) approval for the following public information collection pursuant to the Paperwork Reduction Act of 1995, Public Law 96–511. An agency may not conduct or sponsor a collection of information unless it displays a currently valid control number. Notwithstanding any other provisions of law, 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. Questions concerning the OMB control numbers and expiration dates should be directed to Judy Boley, Federal Communications Commission, (202) 418–0214.

Federal Communications Commission

OMB Control No.: 3060–0805. Expiration Date: 1/31/2000. Title: Development of Operational, Technical, and Spectrum Requirements for Meeting Federal, State and Local Public Safety Agency Communications Requirements Through the Year 2010 (NPRM). Form No.: N/A. Estimated Annual Burden: 644,450 annual hour; average 10,270 hours per regional planning committee, 10,000 hours for the national planning committee, and 6 hours third party response; 8,712 respondents. Description: In order to satisfy local and regional needs and preferences, the Commission proposes that regional planning committees made up of representatives from each public safety community draft and submit regional plans. These may include plans for both spectrum reserved for interoperability and spectrum available for general public safety use. The Commission will use the information to assign licenses and may also use the information to determine whether prospective licensees will operate in compliance with the Commission Rules. OMB Control No.: 3060–0226. Expiration Date: 2/28/2001. Title: Section 90.135(d)(e) Modification of License. Form No.: N/A. Estimated Annual Burden: 276 annual hours; 10 minutes per respondent; 1,656 responses.

Description: Rules require licensees who change certain parameters (name, address, mobile units, etc.) to inform the Commission by form or letter. This information collection covers the submission of letters to notify the FCC. Information is used to maintain an accurate database.

OMB Control No.: 3060–0281. Expiration Date: 2/28/2001. Title: Section 90.651 Supplemental reports required of licensees authorized under this subpart. Form No.: N/A. Estimated Annual Burden: 2,724 annual hours; 10 minutes per respondent; 16,408 responses.

Description: This section lists various reports required of 800 MHz licensees. The reports indicate whether the system has been constructed and the number of mobile units served.

OMB Control No.: 3060–0291. Expiration Date: 2/28/2001. Title: Section 90.477 Interconnected Systems. Form No.: N/A. Estimated Annual Burden: 1,000 annual hours; 1 hour per respondent; 1,000 respondents.

Description: Rule permits land mobile licensees to employ interconnection on a non-profit, cost shared basis and requires the cost sharing records to be maintained.

OMB Control No.: 3060–0621. Expiration Date: 1/31/2000. Title: Rules and Requirements for Broadband PCS Licenses. Form No.: N/A. Estimated Annual Burden: 14,044 annual hours; 30 minutes to 20 hours per responses, and 1 hour of recordkeeping per licensee; 3,000 responses.

Description: Rules require applicants to file certain information so that the Commission can determine whether the applicants are legally, technically and financially qualified to be licensed and to determine whether applicants claiming designated entity status are entitled to certain benefits. This collection covers sections: 24.203, 24.204(f), 24.208(f), 24.709, 24.709(c)(2), 24.714, 24.714(b), 24.714(e), 24.806, 24.813, 24.813(f), 24.815(j), 24.819, 24.825, 24.827, 24.830, and 24.839.

OMB Control No.: 3060–0224. Expiration Date: 2/28/2001. Title: Section 90.151 Requests for Waiver. Form No.: N/A. Estimated Annual Burden: 120 annual hours; 2 hours per respondent; 60 responses.

Description: Rule requires applicants who request waiver of various rules to submit a justification for the proposed waiver. This is necessary to enable the Commission to make an informed decision on the requests.

OMB Control No.: 3060–0813. Expiration Date: 7/31/98. Title: Revision of the Commission’s Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems. Form No.: N/A. Estimated Annual Burden: 194,457 annual hours; 15 minutes—12 hours per response; 125,996 responses. This collection contains various reporting and third party requirements that range in estimated completion time.

Description: The Commission is placing several burdens on the wireless E911 industry and on government entities and phone systems. Most of these are one time rather than ongoing requirements, and are minimal to ensure the rapid implementation of the technologies needed to bring emergency help to wireless callers throughout the United States. In establishing these requirements, the Commission balanced consumers’ need for dependable, speedy access to 911 services with carriers’ need for flexibility in providing emergency services. The actions were taken in response to concerns raised by the initial Report and Order.

Federal Communications Commission.

Magalie Roman Salas,
Secretary.

[FR Doc. 98–3427 Filed 2–19–98; 8:45 am]
BILLING CODE 6712–01–P

FEDERAL DEPOSIT INSURANCE CORPORATION

Repurchase Agreements of Depository Institutions With Securities Dealers and Others; Notice of Modification of Policy Statement

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Modification of policy statement.

SUMMARY: As part of the FDIC’s systematic review of its regulations and written policies under section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI), the FDIC is adopting modifications recently made by the Federal Financial Institutions Examination Council (FFIEC) to its policy statement on Repurchase Agreements of Depository Institutions with Securities Dealers and Others (Policy Statement). The Policy Statement provides guidance to insured
depository institutions about entering into repurchase agreements in a safe and sound manner. The FDIC is adopting the changes to the Policy Statement which the FFIEC has made to update and streamline the Policy Statement.

**EFFECTIVE DATE:** February 20, 1998.

**FOR FURTHER INFORMATION CONTACT:**

**SUPPLEMENTARY INFORMATION:**

**Background**

The FDIC is conducting a systematic review of its regulations and written policies. Section 303(a) of the CDRI (12 U.S.C. 4803(a)) requires the FDIC, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), and the Office of Thrift Supervision (OTS) (collectively, the federal banking agencies) to each streamline and modify its regulations and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability. Section 303(a) also requires each of the federal banking agencies to remove inconsistencies and outdated and duplicative requirements from its regulations and written policies.

The FFIEC developed the Policy Statement to establish guidelines for insured depository institution repurchase agreement activities, including guidelines for written repurchase agreements, policies and procedures, credit risk management, and collateral management. The OCC, FRB, and FDIC each adopted the FFIEC’s original Policy Statement, (50 FR 49764, December 4, 1985) with the FDIC’s adoption taking place on December 31, 1985. 2 FDIC, Law, Regulations, and Related Acts (FDIC) 5265.

On February 11, 1998, the FFIEC published a notice making changes to its Policy Statement in order to update, clarify and streamline it. 63 FR 6935. There are three principal revisions to the Policy Statement.

First, the Policy Statement has been updated and streamlined to reflect the enactment of the Government Securities Act of 1986 and the Government Securities Act Amendments of 1993, 15 U.S.C. 78o–5 (GSA). The Policy Statement section, Dealings with Unregulated Securities Dealers, has been deleted. The GSA established a regulatory structure for government securities dealers, making this section obsolete. A new section, Legal Requirements, has been added to the Policy Statement. The first subsection, Government Securities Regulations, presents general information on the requirements of the GSA.

Second, the Policy Statement has been updated to generally cover the other laws and regulations applicable to repurchase agreements. These include the antifraud provisions of the securities laws, the requirements of the Uniform Commercial Code, and lending limitations. Third, the list of written repurchase agreement provisions has been updated with an expanded list of provisions to reflect current market practice. These provisions include terms of transaction initiation, confirmation and termination, payments and transfers of securities, collateral segregation, collateral repricing, rights to principal and interest payments, required disclosures for hold-in-custody repurchase agreements, and disclosures required by regulatory agencies. In addition to the revisions to the Policy Statement previously described, minor changes to the Policy Statement have also been made to improve clarity and readability.

Consistent with the goals of the CDRI review, the FDIC is adopting the FFIEC’s modifications to the Policy Statement to eliminate outdated material, provide clarification, and streamline the contents of the Policy Statement. The modified Policy Statement reads as follows:

Federal Financial Institutions Examination Council Supervisory Policy

Repurchase Agreements of Depository Institutions With Securities Dealers and Others

**Purpose**

Depository institutions and others involved with repurchase agreements have sometimes incurred significant losses as a result of a default or fraud by the counterparty to the transaction. Inadequate credit risk management and the failure to exercise effective control over securities collateralizing the transactions are the most important factors causing these heavy losses.

The following guidelines are examples of elements that address credit risk management and exposure to counterparties under securities repurchase agreements and for controlling the securities in those transactions. Depository institutions that enter into repurchase agreements with securities dealers and others should consider these guidelines. Each depository institution that actively engages in repurchase agreements must have adequate policies and controls to suit their particular circumstances. The examining staffs of the federal supervisory agencies will review written policies and procedures of depository institutions to determine their adequacy in light of the scope of each depository institution’s operations.

**I. Legal Requirements**

A. Government Securities Regulations

Securities sold under an agreement to repurchase that is collateralized by U.S. government and agency obligations are subject to regulations of the Treasury Department issued under the Government Securities Act of 1986, 15 U.S.C. 78o–5 (GSA). These regulations appear at 17 CFR Parts 400 to 450. Particular attention should be given to the requirements “Required Disclosures” in 17 CFR 403.5.

Institutions engaging in hold-in-custody repurchase transactions should also give attention to 17 CFR 450.

B. Other Laws and Regulations

Federal and state laws such as the antifraud provisions of the securities laws and the requirements of the Uniform Commercial Code may apply to a repurchase agreement.

Resale transactions of national banks and thrift institutions are subject to the lending limitations of 12 U.S.C. 84. In addition, state-chartered institutions should consult with their counsel or state regulatory authorities as to the applicability of state lending limitations. Depository institutions should also consider other rules that may apply to the transactions depending on the type of bank charter.

**II. Credit Policy Guidelines for Securities Purchased Under Agreement To Resell**

All depository institutions that engage in securities repurchase agreement transactions should establish written credit policies and procedures governing these activities. These policies and procedures usually address:
A. Counterparties

Policies normally include “know your counterparty” principles. Engaging in repurchase agreement transactions in volume and in large dollar amounts frequently requires the services of a counterparty who is also a dealer in the underlying securities. Some firms that deal in the markets for U.S. Government and federal agency securities are subsidiaries of, or related to, financially stronger and better-known firms. However, these stronger firms may be independent of their U.S. Government securities subsidiaries and affiliates and may not be legally obligated to stand behind the transactions of related companies. Without an express written guarantee, the stronger firm’s financial position cannot be relied upon to assess the creditworthiness of a counterparty.

Depository institutions should know the legal entity that is the actual counterparty to each repurchase agreement transaction. This includes knowing about the actual counterparty’s character, integrity of management, activities, and the financial markets in which it deals.

Depository institutions should be particularly careful in conducting repurchase agreements with any firm that offers terms that are significantly more favorable than those currently prevailing in the market.

In certain situations, depository institutions may use, or serve as, brokers or finders to locate repurchase agreement counterparties or particular securities. When using or acting as this type of agent, the name of each counterparty should be fully disclosed. Depository institutions should not enter into undisclosed agency or “blind brokerage” repurchase transactions in which the counterparty’s name is not disclosed.

B. Credit Analysis

Periodic evaluations of counterparty creditworthiness should be conducted by individuals who routinely make credit decisions and who are not involved in the execution of repurchase agreement transactions.

Before engaging in initial transactions with a new counterparty, depository institutions should obtain audited financial statements and regulatory filings from the proposed counterparty, and should require the counterparty to provide similar information on a periodic and timely basis in the future.

The credit analysis should consider the counterparty’s financial statements and those of any related companies that could have an impact on the financial condition of the counterparty.

When transacting business with a subsidiary, consolidated financial statements of a parent are not adequate. Repurchase agreements should not be entered into with any counterparty that is unwilling to provide complete and timely disclosure of its financial condition. The depository institution also should inquire about the counterparty’s general reputation and whether state or federal securities regulators or self-regulatory organizations have taken any enforcement actions against the counterparty or its affiliates.

C. Credit Limits

Depository institutions usually establish maximum position and temporary exposure limits for each approved counterparty based upon credit analysis performed. Periodic reviews and updates of these limits are necessary.

When assigning individual repurchase agreement counterparty limits, the depository institution should consider overall exposure to the same or related counterparty throughout the organization. Repurchase agreement counterparty limitations should consider the overall permissible dollar positions in repurchase agreements, maximum repurchase agreement maturities, limitations on the maturities of collateral securities, and limits on temporary exposure that may result from decreases in collateral values or delays in receiving collateral.

III. Guidelines for Controlling Collateral for Securities Purchased Under Agreement to Resell

Repurchase agreements can be a useful asset and liability management tool, but repurchase agreements can expose a depository institution to serious risks if they are not managed appropriately. It is possible to reduce repurchase agreement risk if the depository institution executes written agreements with all repurchase agreement counterparties and custodian banks. Compliance with the terms of these written agreements should be monitored on a daily basis.

The marketplace perceives repurchase agreement transactions as similar to lending transactions collateralized by highly liquid securities. However, experience has shown that the collateral securities probably will not serve as protection if the counterparty becomes insolvent or fails, and the purchasing institution does not have control over the securities. This policy statement provides general guidance on the steps depository institutions should take to protect their interest in the securities underlying repurchase agreement transactions (see “C. Control of Securities”). However, ultimate responsibility for establishing adequate procedures rests with management of the institution. The depository institution’s legal counsel should review repurchase agreements to determine the adequacy of the procedures used to establish and protect the depository institution’s interest in the underlying collateral.

A. General Requirements

Before engaging in repurchase transactions, a depository institution should enter into a written agreement covering a specific repurchase agreement transaction or master agreement governing all repurchase agreement transactions with each counterparty. Valid written agreements normally specify all the terms of the transaction and the duties of both the buyer and seller. The agreement should be signed by authorized representatives of the buyer and seller. Senior managers of depository institutions should consult legal counsel regarding the content of the repurchase and custodial agreements. Counsel should review the enforceability of the agreement with consideration as to the differing rules of liquidation for agreements with different counterparties, such as broker/dealers, banks, insurance companies, municipalities, pension plans, and foreign counterparties. Repurchase and custodial agreements normally specify, but are not limited to, the following:

- terms of transaction initiation, confirmation and termination;
- provisions for payments and transfers of securities;
- requirements for segregation of collateral securities;
- acceptable types and maturities of collateral securities;
- initial acceptable margin for collateral securities of various types and maturities;
- margin maintenance and collateral repricing provisions;
- provisions for collateral substitution;
- rights to interest and principal payments;
- events of default and the rights and obligations of the parties;
- required disclosures for transactions in which the seller retains custody of purchased securities;
- disclosures required by regulatory agencies; and
- persons authorized to transact business for the depository institution and its counterparty.
B. Confirmations

Some repurchase agreement confirmations may contain terms that attempt to change the depository institution’s rights in the transaction. The depository institution should obtain and compare written confirmations for each repurchase agreement transaction to be certain that the information on the confirmation is consistent with the terms of the agreement. Confirmations normally identify the essential terms of the transaction, including the identity of specific collateral securities and their market values.

C. Control of Securities

As a general rule, a depository institution should obtain possession or control of the underlying securities and take necessary steps to protect its interest in the securities. The legal steps necessary to protect its interest may vary with applicable facts and law, and accordingly should be undertaken with the advice of counsel. Particular attention should also be given to the possession or control requirements under 12 CFR 450 for depository institutions when acting as a custodian for any type of repurchase agreement. Additional prudential management controls may include:

1. Direct delivery of physical securities to the institution, or transfer of book-entry securities by appropriate entry in an account maintained in the name of the depository institution by a Federal Reserve bank which maintains a book-entry system for U.S. Treasury securities and certain agency obligations (for further information as to the procedures to be followed, contact the Federal Reserve bank for the district in which the depository institution is located);
2. Delivery of either physical securities to, or in the case of book-entry securities, making appropriate entries in the books of a third-party custodian designated by the depository institution under a written custodial agreement which explicitly recognizes the depository institution’s interest in the securities as superior to that of any other person; or
3. Appropriate entries on the books of a third-party custodian exercising independent control over the exchange of securities and funds and acting pursuant to a tripartite agreement with the depository institution and the counterparty. The third-party custodian should ensure adequate segregation, free of any lien or claim, and specific identification and valuation of either physical or book-entry securities. If a depository institution normally obtains a copy of the advice of the counterparty to the custodian requesting transfer of the securities to the depository institution, where securities are to be delivered, the depository institution should not make payment for securities until the securities are actually delivered to the depository institution or its agent. In addition, custodial contracts normally provide that the custodian take delivery of the securities subject to the exclusive direction of the depository institution.

Substitution of securities should not be allowed without the prior written consent of the depository institution. The depository institution should give its consent before the delivery of the substitute securities to the depository institution or a third-party custodian and receive a written list of specific securities substituted and their respective market values. Any substitution of securities should take into consideration the following discussion of “Margin Requirements.”

D. Margin Requirements

Under the repurchase agreement a depository institution should pay less than the market value of the securities, including the amount of any accrued interest, with the difference representing a predetermined margin. When establishing an appropriate margin, a depository institution should consider the size and maturity of the repurchase transaction, the type and maturity of the underlying securities, and the creditworthiness of the counterparty. Margin requirements on U.S. government and federal agency obligations underlying repurchase agreements should allow for the anticipated price volatility of the security until the maturity of the repurchase agreement. Less marketable securities may require additional margin to compensate for less liquid market conditions. Written repurchase agreement policies and procedures normally require daily mark-to-market of repurchase agreement securities to the bid side of the market using a generally recognized source for securities prices. Repurchase agreements normally provide for additional securities or cash to be placed with the depository institution or its custodian bank to maintain the margin within the predetermined level. Margin calculations should also consider accrued interest on underlying securities and the anticipated amount of accrued interest over the term of the repurchase agreement, the date of interest payment, and which party is entitled to receive the payment. In the case of pass-through securities, anticipated principal reductions should also be considered when determining margin adequacy.

E. Maturity and Renewal Procedures

Depository institutions should follow prudent management procedures when administering any repurchase agreement. For longer term repurchase agreements, management should monitor daily the effects of securities substitutions, margin maintenance requirements (including consideration of any coupon interest or principal payments) and possible changes in the financial condition of the counterparty. Engaging in open repurchase agreement transactions without maturity dates may be regarded as an unsafe and unsound practice unless the depository institution has, in its written agreement, retained rights to terminate the transaction quickly to protect itself against changed circumstances. Similarly, automatic renewal of short-term repurchase agreement transactions
without reviewing collateral values, adjusting collateral margin, and receiving written confirmation of the new contract terms, may be regarded as an unsafe and unsound practice. If additional margin is not deposited when required, the depository institution’s rights to sell securities or otherwise liquidate the repurchase agreement should be exercised without hesitation.

IV. Guidelines for Controlling Collateral for Securities Sold Under Agreement to Repurchase

Depository institutions normally use current market values (bid side), including the amount of any accrued interest, to determine the price of securities that are sold under repurchase agreements. Counterparties should not be provided with excessive margin. Thus, the written repurchase agreement contract normally provides that the counterparty must make additional payment or return securities if the margin exceeds agreed upon levels. When acquiring funds under repurchase agreements it is prudent business practice to keep at a reasonable margin the difference between the market value of the securities delivered to the counterparty and the amount borrowed. The excess market value of securities sold by a depository institution may be viewed as an unsecured loan to the counterparty subject to the unsecured prudential limitations for the depository institution and should be treated accordingly for credit policy and control purposes.

By order of the Board of Directors.

Dated at Washington, D.C., this 10th day of February, 1998.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

[FR Doc. 98–4143 Filed 2–19–98; 8:45 am]
BILLING CODE 6210–01–P

FEDERAL RESERVE SYSTEM

Sunshine Act Meeting

TIME AND DATE: 10:00 a.m., Wednesday, February 25, 1998.


STATUS: Closed.

MATTERS TO BE CONSIDERED:
1. Personnel actions (appointments, promotions, assignments, reassignments, and salary actions) involving individual Federal Reserve System employees.
2. Any matters carried forward from a previously announced meeting.

CONTACT PERSON FOR MORE INFORMATION:
Joseph R. Coyne, Assistant to the Board; 202–452–3204.

SUPPLEMENTARY INFORMATION: You may call 202–452–3206 beginning at approximately 5 p.m. two business days before the meeting for a recorded announcement of bank and holding company applications scheduled for the meeting; or you may contact the Board’s Web site at http://www.bog.frb.fed.us for an electronic announcement that not only lists applications, but also indicates procedural and other information about the meeting.


Jennifer J. Johnson,
Deputy Secretary of the Board.

[FR Doc. 98–4470 Filed 2–18–98; 10:48 am]
BILLING CODE 6210–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Advisory Commission on Consumer Protection and Quality in the Health Care Industry; Public Meeting

In accordance with section 10(a)(2) of the Federal Advisory Committee Act, Public Law. 92–463, notice is hereby given of the meeting of the Advisory Commission on Consumer Protection and Quality in the Health Care Industry. This two-day meeting will be open to the public, limited only by the space available.

Place: meeting: Omni Shoreham Hotel, 2500 Calvert Street, NW.; Washington, DC 20008. Exact locations of the sessions will be available at the registration desk and on the Commission’s web site. “http://www.hcqualitycommission.gov”.

Times and Dates: The public meeting will span two days. On Wednesday, February 25, 1998, the Subcommittee on Roles and Responsibilities will meet from 10:30 a.m. until 4:30 p.m. On Thursday, February 26, 1998, the General Session will begin at 8 a.m. and it will continue until 4 p.m.

Purpose/Agenda: To hear testimony and continue formal proceedings of the Commission’s remaining subcommittee (Subcommittees on Quality Measurement, on a Quality Improvement Environment and on Consumer Rights have completed their work). The General Session will focus on the Commission’s draft components to the final report. Agenda items are subject to change as priorities dictate.

Contact Person: For more information, including substantive program information and summaries of the meeting, please contact: Edward (Chip) Malin, Hubert Humphrey Building, Room 118F, 200 Independence Avenue, SW., Washington, DC 20201; (202/205–3333).


Janet Corrigan, Executive Director, Advisory Commission on Consumer Protection and Quality in the Health Care Industry.

[FR Doc. 98–4222 Filed 2–19–98; 8:45 am]
BILLING CODE 4110–60–M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Committee on Vital and Health Statistics: Meeting

Pursuant to the Federal Advisory Committee Act, the Department of Health and Human Services announces the following advisory committee meeting.

Name: National Committee on Vital and Health Statistics (NCVHS).

Times and Dates: 8:00 a.m.–5:00 p.m., March 3, 1998. 8:00 a.m.–5:00 p.m., March 4, 1998.


Status: Open.

Purpose: The meeting will focus on a variety of data policy and privacy issues. The Committee will review its progress and consider next steps in addressing new responsibilities in health data standards and health information privacy as outlined in the administrative simplification provisions of Pub. L. 104–191, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as well as on related matters.

Department officials will brief the Committee on recent activities of the HHS Data Council, the status of HHS activities in implementing the administrative simplification provisions of Pub. L. 104–191, and data implications of the Balanced Budget Act.

A presentation also is scheduled relating to the President’s Commission on Quality and Consumer Protection, with special attention to data issues. A panel discussion on data quality standards is planned, as well as a panel discussion of approaches to standards for computer-based patient records. Breakout sessions are planned for the Subcommittee on Health Data Needs, Standards and Security, the Subcommittee on Privacy and Confidentiality, and the Subcommittee on Population-Specific Issues. In addition, a new member orientation is scheduled, and the Committee will discuss priorities and work plans. All topics are tentative and subject to change. Please check the NCVHS website for a detailed agenda.

Contact Person for More Information: Substantive information as well as summaries of the meeting and a roster of committee members may be obtained by visiting the NCVHS website (http://www.hcqualitycommission.gov).