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(i) *Relationship to patents.*

Nothing contained in this clause creates or is intended to imply a license to the Government in any patent or is intended to be construed as affecting the scope of any licenses or other rights otherwise granted to the Government under any patent.

(End of Clause)

Alternate I (Feb. 1998): In accordance with 970.2706(g), insert the phrase "and except Restricted Data in category C-24, 10 CFR part 725, in which DOE has reserved the right to receive reasonable compensation for the use of its inventions and discoveries, including related data and technology" after "laser isotope separation" and before the comma in paragraph (b)(2)(ii) of the clause at 970.5204-83, as appropriate.

(End of Alternate)

[FR Doc. 98-5079 Filed 3-4-98; 8:45 am]

BILLING CODE 6450-01-P

FARM CREDIT ADMINISTRATION

12 CFR Part 614

RIN 3052-AB78

Loan Policies and Operations; Loan Sales Relief; Effective

AGENCY: Farm Credit Administration.
ACTION: Notice of effective date.

SUMMARY: The Farm Credit Administration (FCA) published a direct final rule, with opportunity for comment, amending part 614 on December 2, 1997 (62 FR 63644). The final rule conforms the regulations to recent statutory amendments to the Farm Credit Act of 1971, as amended, (Act) made by sections 206 and 208 of the Farm Credit System Reform Act of 1996 (1996 Act). These amendments provide that loans designated by Farm Credit System institutions for sale into a secondary market are not subject to minimum stock purchase or borrower rights requirements. The opportunity for comment expired on January 2, 1998. The FCA received no comments and therefore, the final rule becomes effective without change. In accordance with 12 U.S.C. 2252, the effective date of the final rule is 30 days from the date of publication in the **Federal Register** during which either or both Houses of Congress are in session. Based on the records of the sessions of Congress, the effective date of the regulations is March 4, 1998.

EFFECTIVE DATE: The regulation amending 12 CFR part 614 published on

December 2, 1998 (62 FR 63644) is effective March 4, 1998.

FOR FURTHER INFORMATION CONTACT: John J. Hays, Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4498;

or

William L. Larsen, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TDD (703) 883-4444.

(12 U.S.C. 2252(a)(9) and (10))

Dated: February 27, 1998.

Floyd Fithian,

Secretary, Farm Credit Administration Board.

[FR Doc. 98-5551 Filed 3-3-98; 8:45 am]

BILLING CODE 6705-01-P

FARM CREDIT ADMINISTRATION

12 CFR Part 614

RIN 3052-AB81

Loan Policies and Operations; Interest Rates and Charges; Effective Date

AGENCY: Farm Credit Administration.
ACTION: Notice of effective date.

SUMMARY: The Farm Credit Administration (FCA) published a direct final rule, with opportunity for comment, amending part 614 on December 22, 1997 (62 FR 66816). These amendments eliminated the prior approval requirement for changes in interest rate policies at banks for cooperatives (BCs), eliminated unnecessary or duplicative regulatory requirements, and clarified existing requirements that are retained. The opportunity for comment expired on January 21, 1998. The FCA received no comments and therefore, the final rule becomes effective without change. In accordance with 12 U.S.C. 2252, the effective date of the final rule is 30 days from the date of publication in the **Federal Register** during which either or both Houses of Congress are in session. Based on the records of the sessions of Congress, the effective date of the regulations is March 4, 1998.

EFFECTIVE DATE: The regulation amending 12 CFR part 614 published on December 22, 1998 (62 FR 66816) is effective March 4, 1998.

FOR FURTHER INFORMATION CONTACT: Linda C. Sherman, Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102-5090, (703)883-4498;

or

Rebecca S. Orlich, Senior Attorney, Office of General Counsel, Farm

Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TDD (703) 883-4444.

(12 U.S.C. 2252(a)(9) and (10))

Dated: February 27, 1998.

Floyd Fithian,

Secretary, Farm Credit Administration Board.

[FR Doc. 98-5552 Filed 3-3-98; 8:45 am]

BILLING CODE 6705-01-P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 708a

Mergers or Conversions of Federally-Insured Credit Unions to Non Credit Union Status: NCUA Approval

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule.

SUMMARY: The final rule adds a new provision to the disclosure statement in regulations relating to NCUA approval of mergers or conversions of federally-insured credit unions to non credit union status. Credit unions are required to disclose in plain English on the cover page of the disclosure statement specific facts relating to the proposed transaction's impact on the members.

DATES: This rule is effective April 1, 1998.

FOR FURTHER INFORMATION CONTACT: Mary F. Rupp, Staff Attorney, Office of General Counsel, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428 or telephone: (703) 518-6553.

SUPPLEMENTARY INFORMATION:

Background

On November 24, 1997, the NCUA Board requested comments on proposed changes to part 708a of its regulations. 62 FR 64187 (December 4, 1997). Part 708a sets forth the procedures and requirements for credit unions proposing to convert to non credit union status. The current rule requires credit unions to provide a disclosure statement to the members prior to the membership vote. The rule lists the information that must be included in the disclosure. The Board has had the opportunity to review several disclosure statements filed under the current rule. The disclosures are often in excess of fifteen pages and contain technical information which may be difficult for the average member to understand. The Board believes it would be helpful to the members if certain key information could be provided to them in plain English on the cover page of the disclosure. The proposal set forth three key areas the

Board believed should be highlighted to the members. These were voting rights, potential future transactions, and director compensation. Based on the comments, the Board has modified the provisions relating to voting rights and director compensation and deleted the provision on potential future transactions and replaced it with a provision noting the costs of conversion.

Summary of Comments and Discussion of Issues

In the proposal, the NCUA Board requested comment on the proposed uniform disclosure requirements. The NCUA Board received 28 comments on the proposal: seven from credit unions; three identical letters from three members of the same credit union; two from bank leagues; four from bank trade groups; four from law firms; one from a credit union conversion consultant; three from credit union trade groups; three from credit union state leagues; and one from an individual. The following is a summary of the comments received on the proposed rule's uniform cover page to the Disclosure. Twenty of the 28 commenters opposed the proposed disclosure. One of the general negative comments was that it is unfair to require credit unions to highlight the negative aspects on the cover without giving them the opportunity to highlight the positive aspects there as well. The positive commenters noted that it is appropriate that certain information be highlighted to help assure that it receives careful consideration. Some of the positive commenters noted that the language appeared somewhat biased and should be more neutral. The NCUA Board agrees with these commenters that, as originally drafted, the proposal highlighted negative information. The final rule has been amended to address this concern. The final rule references three areas the Board believes are important to the members and then refers them to the disclosure for a complete discussion of the issues.

The proposal required disclosure of voting rights, the potential for a stock conversion, and the right of the directors to be compensated. All 11 of the commenters that commented on the voting rights provision objected to the way it was worded. One of the objections is that it is incorrect to say that the institution is no longer democratically controlled, just because it is no longer one member one vote. Further, in some cases the institution will continue with one member one vote. The Board agrees with these comments and has taken the language relating to "democratic control" out of the final rule. In the event a credit union

retains one member one vote, the proposal allowed for the disclosure statement to be modified appropriately. The final rule does as well. Five commenters noted that the issue of voting is often not important for credit union members and therefore, should not be highlighted. Although the Board is aware that not all credit union members take the opportunity to vote in credit union elections, the Board believes it is important for members to be made aware of such a fundamental change in the structure of their financial institution.

Eighteen commenters specifically addressed and opposed the requirement that the credit union inform the members that the credit union could further change its organizational structure in the future. All of these commenters noted that a disclosure should not contain speculative information. Some noted that the proposal gives the false impression that all mutuals convert to stock. Some commenters found the statement that "members will lose their equity ownership interest" confusing and misleading. After reviewing the comments, the NCUA Board agrees that credit unions should not be required to include information that may not apply to their transaction. This provision has been deleted from the final rule.

Ten of the commenters objected to the disclosure that board members may receive compensation after waiting the two years required by NCUA's regulation. Some of the commenters thought that the way it was being disclosed carried the negative implication that the Board's decision was motivated by greed. They objected to this negative implication because directors' fees are nominal. Further, the commenters stated that directors act on the basis of their good faith assessments of their members' best interests. The NCUA Board has modified the statement to remove any negative or speculative overtones. It merely states that Directors may receive compensation after waiting two years and refers the member to the disclosure for further information. The Board does not intend to imply that the transaction is motivated by greed, but believes it is important for the members to know that the spirit of volunteerism that motivated credit union directors may not be present in the proposed new financial institution. A couple of the commenters suggested that credit union directors do not really serve as volunteers because they may receive health and accident insurance and are allowed reasonable reimbursement for themselves and their spouse when traveling on credit union

business. To compare this minimal insurance and reimbursement to direct compensation is not an accurate or fair comparison. The insurance is limited by regulation and reimbursement is not compensation.

Two commenters suggested a format change for the disclosures so that boxes could be checked to indicate those provisions that apply. The NCUA Board believes that this format is not necessary because the language the rule requires will generally apply. It is sufficient that the rule provides for modifications as necessary to ensure accuracy.

One of the commenters objected to using the term "savings bank" in the disclosure. This term has been eliminated from the final rule.

Although not part of the proposal, several of the commenters raised three other issues which the Board will briefly address. First, a number of the commenters object to the voting requirement in part 708a. The rule requires a majority of the members to vote in favor of the transaction for it to be approved. The negative commenters believe this is excessive since conversion from a federal to state charter only requires approval by a majority of the members who vote and conversion from federal to private insurance only requires approval by a majority of the members who vote, providing at least 20% vote. The commenters have failed to mention that termination of insurance like termination of a credit union charter requires approval by a majority of the credit union's members. 12 U.S.C. 1786(a)(1). Prior to issuing its final rule on credit union conversions to non credit union status, the Board requested and received comment on the issue of majority approval. The Board considered those comments when it issued the final rule. 60 FR 12659, 12660 (March 8, 1995). The six commenters that addressed the issue all supported approval by a majority of the members. Two defined majority as over 50%, two defined it as 60% to 66 2/3%, one defined it as 70% to 80% and one commenter did not define it. The Board continues to believe in "the importance of a clear mandate on an issue of such significance to the members." 60 FR at 12660. It should be noted that in 1995 the Board chose the least burdensome voting requirement recommended by the commenters.

Second, several of the commenters object to § 708a.5(a)(2) of the rule. This provision requires the ballot to be mailed to the members not more than 30 days prior to the vote. The commenters contend that NCUA is more liberal with other forms of transactions and has

placed the 30-day limitation in an attempt to block the transaction. The 30-day time frame is the statutorily-required time frame for insurance conversions and for federal charter to state charter conversions. 12 U.S.C. 1771(a)(1) and 1786(d)(2). In 1995, the Board selected this time frame to be consistent with Congress' time frame for other types of transactions of comparable significance that require a membership vote.

Finally, a few of the commenters state that NCUA has overreached its regulatory authority over state chartered credit unions. They contend that state chartered conversions should be governed by state law. This issue was discussed in detail in the final rule. 60 FR at 12660. The Board explained how very few states have statutes or regulations that address the issue of conversions. However, in deference to the states that have regulations, the Board in 1995 incorporated into the final rule a provision that allows a federally insured state chartered credit union to file a request for a waiver of compliance with the procedural portions of part 708a and instead follow the applicable state regulation.

Final Rule

The final rule requires credit unions to provide in plain English on the cover page of the Disclosure the following information: (1) The control of the institution will no longer be based on each member having one equal vote; this could change a member's influence in any future decisions affecting the institution. Votes will be based on the amount of an individual's deposits. For further information, see page(s) _____ of the Disclosure Statement. (2) The institution will lose its tax-exempt status and there may be increased costs associated with the conversion. For further information, see page(s) _____ of the Disclosure Statement. (3) After waiting the two years required by NCUA's regulation, Board members may be compensated. For further information, see page(s) _____ of the Disclosure Statement.

In the event these statements do not apply to a particular transaction, they may be modified as necessary.

The NCUA Board has modified the proposal to remove any prejudicial inference. The Board believes that these three areas are important to the members. If the members are interested in learning more about the issue, they are referred to the appropriate place in the Disclosure Statement, so that the

credit union can describe in its own words, the impact the issue will have on the members.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires the NCUA to prepare an analysis to describe any significant economic effect any regulation may have on a substantial number of small credit unions, meaning those under \$1 million in assets. The NCUA Board has determined and certifies that the final rule will not have a significant economic impact on a substantial number of small credit unions. The reason for this determination is that it is highly unlikely that small credit unions would be engaged in a merger or conversion to a non credit union institution. Accordingly, the NCUA Board has determined that a Regulatory Flexibility Analysis is not required.

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. The final amendments will apply to all federally insured credit unions. The final amendments are not designed or intended to interfere with the state regulation of state chartered institutions. However, existing statutory requirements mandate the Board approve transactions of this nature for all federally insured credit unions. The rule recognizes the interests of states and state regulators in supervising state chartered credit unions by including a provision that allows federally insured state chartered credit unions, on a case-by-case-basis, to obtain a waiver from NCUA's rule and follow state procedures if those procedures adequately address the concerns of NCUA's rule. With this provision in the rule, the NCUA Board has determined that the final amendments are not likely to have any direct effect on states, the relationship between the states, or the distribution of power and responsibilities among the various levels of government.

Paperwork Reduction Act

The final amendment requires a credit union to provide its members information provided by NCUA. The Paperwork Reduction Act does not apply to disclosures that are directives for a person to disclose information completely supplied by the agency. 5 CFR 1320.3(c)(2).

Congressional Review

Awaiting OMB determination.

List of Subjects in 12 CFR Part 708a

Bank deposit insurance, Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on February 25, 1998.

Becky Baker,

Secretary of the Board.

Accordingly, NCUA amends 12 CFR part 708a as follows:

PART 708a—MERGERS OR CONVERSIONS OF FEDERALLY-INSURED CREDIT UNIONS TO NON CREDIT UNION STATUS: NCUA APPROVAL

1. Revise the heading of part 708a to read as set forth above.

1a. The authority citation for part 708a is revised to read as follows:

Authority: 12 U.S.C. 1766, 1785.

2. Amend Appendix A to part 708a by revising paragraph (2)(m) to read as follows:

Appendix A to Part 708a—Notice to Members of Special Meeting, Disclosure and Ballot

* * * * *

(2) * * *

(m) The cover of the Disclosure Statement must contain the following statement in bold, appropriately modified to the extent that this statement does not accurately describe the transaction:

PLEASE READ THIS DISCLOSURE DOCUMENT. IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR CREDIT UNION.

The control of the institution will no longer be based on each member having one equal vote; this could change a member's influence in any future decisions affecting the institution. Votes will be based on the amount of an individual's deposits. For further information, see page(s) _____ of the Disclosure.

The institution will lose its tax-exempt status and there may be increased costs associated with the conversion. For further information, see page(s) _____ of the Disclosure.

After waiting the two years required by NCUA's regulation, Board members may be compensated. For further information, see page(s) _____ of the Disclosure.

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[FR Doc. 98-5451 Filed 3-3-98; 8:45 am]

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