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FEDERAL RESERVE SYSTEM

5 CFR Part 6801

RIN 3209-AA15

Supplemental Standards of Ethical Conduct for Employees of the Board of Governors of the Federal Reserve System

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Final rule; amendment.

SUMMARY: The Board of Governors of the Federal Reserve System, with the concurrence of the Office of Government Ethics (OGE), is amending the Supplemental Standards of Ethical Conduct for Employees of the Board. This amendment would: eliminate the general prohibition on ownership of stock in primary dealers for most Board employees; and expand the availability of stock ownership waivers by allowing waivers to be granted permitting Board employees to retain bank stock acquired prior to Federal Reserve employment if the stock does not present a conflict of interest with the employees' duties.

EFFECTIVE DATE: December 8, 1999.

FOR FURTHER INFORMATION CONTACT: Cary Williams, Managing Senior Counsel, Legal Division, Board of Governors of the Federal Reserve System, telephone 202/452-3295, FAX 202/452-3101. For the hearing impaired only, Telecommunications Device for the Deaf (TDD), Diane Jenkins, 202/452-3544.

SUPPLEMENTARY INFORMATION: 5 CFR 2635.105 authorizes executive agencies, with the concurrence of OGE, to publish agency-specific supplemental regulations necessary to implement their respective ethics programs. On October 16, 1996, the Board, with OGE's concurrence, published in the **Federal Register** a final rule to establish supplemental standards of ethical conduct for Board employees (61 FR

53827-53830), effective November 1, 1996.

The Board, with OGE's concurrence, now amends its supplemental standards in two respects:

First, the amendment modifies the prohibition against ownership of stock in primary government securities dealers to apply only to Board employees who have ongoing access to highly sensitive information (Class I) collected in connection with Federal Open Market Committee (FOMC) deliberations and decisions, and identified as such by the FOMC Committee. The Board believes that the current prohibition of share ownership in primary dealers for all Board employees is unnecessarily broad and that the prohibition properly should be extended only to those employees where the possibility of the appearance of a conflict of interest occurs. For that reason, the Board is retaining but liberalizing this provision, so as to allow such share ownership except for those Board employees who have ongoing access to Class I FOMC information.

Second, the amendment explicitly provides for waivers to be granted permitting Board employees to retain bank stock acquired prior to Federal Reserve employment if the stock does not present a conflict of interest with the employees' duties. The current regulation states that waivers may be available if ownership or control was acquired through inheritance or gift, as a result of a merger or other change in corporate structure, or otherwise without specific intent of the employee, spouse or minor child to acquire the interest. The purpose of the amendment is to make clear that new Board employees need not, in every case, divest banking organization stock previously acquired, and that a waiver may be available if a new employee is not involved in bank regulatory matters. This revision would not change the existing prohibition on any current employee (or an employee's spouse or child) purchasing stock in a depository institution or its affiliate (except in the case of a spouse in compensation for the spouse's employment).

Matters of Regulatory Procedure

Administrative Procedure Act

Pursuant to 5 U.S.C. 553(a)(2), (b) and (d), the Board has determined that good cause exists for waiving the regular

notice of proposed rulemaking, opportunity for comment, and 30-day delayed effective date as to this final rule amendment. This action is being taken because it is in the public interest that this rule, which concerns matters of agency organization, practice and procedure and which relieves certain restrictions placed on Board employees, become effective on the date of publication.

Regulatory Flexibility Act

The Board has determined under the Regulatory Flexibility Act (5 U.S.C. chapter 6) that this regulation will not have a significant economic impact on a substantial number of small entities because it primarily affects Board employees and their families.

Paperwork Reduction Act

The Board has determined that the Paperwork Reduction Act (44 U.S.C. chapter 35) does not apply because this regulation does not contain any information collection requirements that require the approval of the Office of Management and Budget.

List of Subjects in 5 CFR Part 6801

Conflict of interests, Government employees.

Dated: November 23, 1999.

Jennifer J. Johnson,

Secretary, Board of Governors of the Federal Reserve System.

Approved: November 30, 1999.

Stephen D. Potts,

Director, Office of Government Ethics.

For the reasons set forth in the preamble, the Board of Governors of the Federal Reserve System, with the concurrence of the Office of Government Ethics, is amending 5 CFR part 6801 as follows:

PART 6801—SUPPLEMENTAL STANDARDS OF ETHICAL CONDUCT FOR EMPLOYEES OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

1. The authority citation for part 6801 continues to read as follows:

Authority: 5 U.S.C. 7301; 5 U.S.C. App. (Ethics in Government Act of 1978); 12 U.S.C. 244, 248; E.O. 12674, 54 FR 15159, 3 CFR, 1989 Comp., p. 215, as modified by E.O. 12731, 55 FR 42547, 3 CFR, 1990 Comp., p. 306; 5 CFR 2635.105, 2635.403(a), 2635.502, 2635.803.

2. Section 6801.103 is amended by:
 a. Revising paragraph (a)(2);
 b. Redesignating paragraphs (c)(1)(i) and (c)(1)(ii) as (c)(1)(ii) and (c)(1)(iii), respectively; and
 c. Adding a new paragraph (c)(1)(i).
 The revision and addition read as follows:

§ 6801.103 Prohibited financial interests.

- (a) * * *
- (2) A primary government securities dealer or any of its affiliates, if such employee has regular, ongoing access to Class I Federal Open Market Committee information.
- * * * * *
- (c) * * *
- (1) * * *
- (i) Prior to Federal Reserve employment;
- * * * * *

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DEPARTMENT OF JUSTICE
Immigration and Naturalization Service
8 CFR Part 235
[INS No. 2026-99]
RIN 1115-AF60

Extension of 25-Mile Limit at Select Arizona Ports-of-Entry

AGENCY: Immigration and Naturalization Service, Justice.
ACTION: Interim rule with request for comments.

SUMMARY: This rule amends the Immigration and Naturalization Service (Service) regulations to extend the distance Mexican nationals may travel into the United States without obtaining additional immigration documentation at selected ports-of-entry (POEs) along the United States and Mexico border. The selected POEs are located in the State of Arizona at Sasabe, Nogales, Mariposa, Douglas, and Naco. Once visitors to Arizona meet the inspection requirements of legal entry to the United States, they will be able to travel within the 75-mile border region of Arizona. This rule is intended to promote commerce in the southern Arizona border area while still ensuring that sufficient safeguards are in place to prevent illegal entry to the United States.

DATES: *Effective date:* This interim rule is effective December 8, 1999.
Comment date: Written comments must be submitted on or before February 7, 2000.

ADDRESSES: Please submit written comments, in triplicate, to the Director, Policy Directives and Instructions Branch, Immigration and Naturalization Service, 425 I Street, NW., Room 5307, Washington, DC 20536. To ensure proper handling, please reference INS No. 2026-99 on your correspondence. Comments are available for public inspection at the above address by calling (202) 514-3048 to arrange for an appointment.

FOR FURTHER INFORMATION CONTACT: Paul M. Morris, Assistant Chief Inspector, Immigration and Naturalization Service, 425 I Street, NW., Room 4064, Washington, DC 20536, telephone (202) 305-2970.

SUPPLEMENTARY INFORMATION:
What Change Is Being Made by This Rule?

This interim rule amends 8 CFR 235.1(f)(1) by extending from 25 to 75 miles the distance Mexican nationals who meet the inspection requirements for legal entry at selected POEs in Arizona along the United States and Mexico border may travel into the United States without obtaining additional immigration documentation. The selected POEs are located in the State of Arizona at Sasabe, Nogales, Mariposa, Douglas, and Naco. Mexican nationals admitted at these POEs may travel in Arizona within 75 miles of the border without obtaining Form I-94, Arrival and Departure Record, and may remain in the United States for a period not to exceed 72 hours. Mexican nationals admitted as nonimmigrant visitors at the Mexican border POEs in the State of Arizona at Sasabe, Nogales, Mariposa, Naco or Douglas for a period not to exceed 72 hours, may also travel within 25 miles of the border in the State of California, New Mexico and Texas as long as they remain within 25 miles of the border while in those states.

What Are the Current Requirements for Mexican Nationals Entering the United States?

Since 1953, Mexico and the United States have agreed to make special accommodations for Mexican nationals who cross the border into the immediate border area to promote the economic stability of the region. The Service has helped promote border commerce by permitting travel within 25 miles of the boundary for less than 72 hours without additional documentation other than that needed to be admitted to the United States. Frequent Mexican visitors may obtain and use border crossing identification cards (BCCs) such as the Service-issued Forms I-186 or I-586,

Mexican Nonresident Alien Border Crossing Card, and Form DSP-150, B1/B2 Visa and Border Crossing Card, issued by the Department of State and commonly called the "Laser Visa" (see 8 CFR part 212.6). BCCs allow qualified persons who frequently cross the United States and Mexico border to be admitted to the United States more quickly and without further documentation while still preserving the integrity and security of the admissions process. Current regulations also require Mexican nationals who seek to enter the United States for more than 72 hours, and/or to travel farther than 25 miles from the United States and Mexico border to obtain Form I-94.

Why Is the Service Making This Change?

With passage of the North American Free Trade Agreement in 1994, commerce, travel, and tourism across the United States and Mexico border into neighboring communities have increased the economic interdependence of cities located in the border area.

Currently Sonora, Mexico, and the State of Arizona form one of the fastest growing cross-border regions. However, unlike the other border States, Arizona has no large city within the Service-defined zone of 25 miles. The first large city from the border in central/southeastern Arizona is Tucson which is about 55 air miles from the United States/Mexico border and from 60 to 75 miles away from the five nearest POEs. According to the current regulations at 8 CFR 235.1(f)(1) a Tucson-bound Mexican businessperson, tourist, or shopper must acquire additional documentation just to engage in the same routine activities that occur daily at every other major crossing point along the border. These routine legal border crossers have to spend additional time at the POE to obtain a Form I-94 and must pay a fee of \$6.

To address concerns from city officials in Tucson, surrounding communities, travelers in southern Arizona, and trade organizations such as the Border Trade Alliance, by this rule the Service will extend the distance limit to 75 miles within Arizona. A businessperson, tourist, or shopper will still be required to meet all the requirements for legal entry into the United States. The city of Tucson estimates that this change in the distance limit will greatly expand commercial activity in the city and in smaller towns between Tucson and the border. The city of Tucson conducted a study indicating that, after implementation of this rule, the