

**FARM CREDIT ADMINISTRATION****12 CFR Part 620**

RIN 3052-AC37

**Disclosure to Shareholders; Annual Report to Shareholders**

AGENCY: Farm Credit Administration.

ACTION: Final rule.

**SUMMARY:** The Farm Credit Administration (FCA, Agency, we) issues this final rule amending our regulations to allow Farm Credit System (System) institutions 90 calendar days to prepare and distribute annual reports to shareholders, while retaining the 75 calendar day requirement for electronic reporting and distribution to the FCA.

**DATES:** *Effective Date:* This regulation will be effective 30 days after publication in the **Federal Register** during which either or both Houses of Congress are in session. We will publish a notice of the effective date in the **Federal Register**.

**FOR FURTHER INFORMATION CONTACT:**

Christopher D. Wilson, Policy Analyst, Office of Regulatory Policy, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4414, TTY (703) 883-4434, or

Bob Taylor, Attorney Advisor, Office of General Counsel, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4020, TTY (703) 883-4020.

**SUPPLEMENTARY INFORMATION:****I. Objectives**

Our objectives in this final rule are to:

- Extend the time for System institutions to prepare and distribute their annual reports to shareholders from 75 calendar days to 90 calendar days; and
- Promote high quality and timely reporting and disclosure by System institutions to shareholders and the FCA.

**II. Background***A. Annual Report Distribution Under FCA Regulations*

Part 620, Disclosure to Shareholders, establishes the requirements for financial reports for Farm Credit banks and associations. In pertinent part, § 620.4 establishes the time requirement for System institutions to prepare and provide to their shareholders an annual report. System institutions have historically distributed or made annual reports available to shareholders in hard copy.

In December 2006, the FCA published a final rule amending § 620.4 to require

that System institutions provide annual reports to shareholders within 75 calendar days from the close of the fiscal year. Prior to that time, System institutions had a 90-day deadline. The FCA noted that significant technological developments had occurred over the past decade that had increased the market's appetite for timelier disclosures of financial information. Consistent with changing industry practices, the FCA believed that accelerated reporting would improve information flow and facilitate shareholder and investor decisionmaking. The rule became effective on February 16, 2007. Compliance with the final rule would take effect by the start of the fiscal year immediately following the effective date of the rule. Thus, the 2007 annual report was to be the first annual report distributed under the accelerated filing requirements.

*B. System's Concerns*

After the rule became final, System institutions raised several concerns regarding the new 75-day filing requirement. Specifically, System institutions stated that they believed the 75-day requirement only applied to the electronic filing of the report with the FCA and not to the report provided to shareholders. They also collectively stated that it would be burdensome for them to comply with the 75 calendar day accelerated distribution requirement for the annual report to shareholders because of the prohibitive costs and time needed for: (1) The external audit and review process; (2) the audit committee review; and (3) the printing and distribution of the annual report. Furthermore, System institutions indicated that the accelerated filing requirement could adversely affect the timeliness, accuracy, and high quality that have been standard with such disclosures.

**III. Proposed Rule on Annual Report to Shareholders**

After reviewing the System's concerns, we published a proposed rule in the **Federal Register** on August 14, 2007, with a 30-day comment period that ended on September 13, 2007. *See* 72 FR 45390, Aug. 14, 2007. The proposed rule would allow a System institution up to 90 calendar days from the close of its fiscal year to prepare and provide a copy of the annual report to shareholders, while retaining the 75 calendar day accelerated filing requirement to send an electronic copy of the report to us. To ensure accelerated disclosure, the proposed rule would require that each System

institution: (1) Send the report electronically to the FCA within 75 calendar days from the close of the institution's fiscal year and, at the same time, publish a copy of its annual report on its Web site; and (2) provide prior written notification to its shareholders that the institution will publish its annual report on the institution's Web site when the report is sent electronically to the FCA. Furthermore, we stated that the copy of the annual report provided to the shareholders must be substantively identical with the annual report sent to the FCA.

We believed that the bifurcated approach resolved any ambiguities from the prior rulemaking and appropriately addressed the System's concerns of providing attractive, high quality, annual reports to shareholders, while meeting the goal of accelerated filing and disclosure.

**IV. Comments on the Proposed Rule**

We received comments on the proposed rule from four System institutions, the Federal Farm Credit Banks Funding Corporation (Funding Corporation) on behalf of the System's Accounting Standards Workgroup, two System banks, and a System association. Overall, commenters generally supported the proposed rule, but expressed some concerns and suggested several changes to the proposed rule. We address the substantive comments below.

*A. Publish the Annual Report on an Institution's Web Site*

The Funding Corporation stated that it believed that not all associations have Web sites and wanted the FCA to clarify what such an institution should do.

We discovered that two small associations do not appear to have an online presence. We agree with the commenter that there is a question of how these institutions will comply with the rule. Because there are only two System institutions without a Web site, we do not believe that we need to change the rule as proposed. For these two institutions only, they could: (1) Develop their own Web sites; (2) publish their annual report on another Web site that is available to the shareholders without an access cost; or (3) make it available by other equivalent means. For example, these two institutions could determine whether they could publish their annual reports on the district bank's or the Farm Credit Council's Web site. The institutions would still be required to comply with all other provisions of the rule, including providing a notice to their shareholders where the annual report

will be made available and sending a substantively identical copy of the annual report to both the FCA and the shareholders. Also, we note that under § 620.2(b), each institution must make its annual report available for public inspection at the institution and at the FCA office where the report is filed.

#### B. Prior Written Notification to Shareholders

We received identical comments from two commenters on § 620.4(a)(3), which requires each System institution to provide prior written notification to its shareholders that the institution will publish its annual report on its Web site when the report is sent electronically to the FCA. Commenters asserted: (1) That the requirement to provide prior written notification to shareholders would be unreasonably burdensome and not confer any potential benefits to shareholders; and (2) it was unclear how often written notification must be provided.

As to the first comment, we have assessed the potential benefits of enhanced shareholder decisionmaking versus the costs of providing timelier financial and operating disclosures. Although associations may have some added burden from prior written notification, we fully expect that any such added burden to be minimal and far outweighed by the benefits to shareholders. As discussed below, System institutions have many options on how to comply with the requirement of prior written notification.

As to the second comment on how often written notice is required, we again state that written notice must occur only once. In the proposed rule, we stated that the prior written notice must be prominent and conspicuous so that there is effective shareholder notice. This means that a System institution must provide each shareholder effective notice only one time. Institutions have the flexibility to determine the most appropriate or cost-effective way(s) to implement this requirement, including written notification in the Annual Meeting Information Statement, in the preceding fiscal year annual report, when a loan is made, sending a postcard to all shareholders, or including the notice with correspondence to shareholders (e.g., annual tax statements, newsletters, etc.)

#### C. Communicating Notice of Web Site Availability

Commenters also questioned the need to require System institutions to notify shareholders of the Web site availability of annual reports. The commenters

stated that posting annual reports on an institution's Web site does not fulfill the regulatory obligation to deliver the reports to shareholders. Finally, they further stated that the individuals most likely to use early Web site access to the annual reports are those who would consult the Web site for information anyway.

We believe that the accelerated filing and posting on the Web site of the annual report improves information flow and facilitates shareholder and investor decisionmaking. The use of the Internet and electronic reporting have become industry standards. Although requiring a System institution to post annual reports on its Web site does not fulfill all regulatory obligations, it does facilitate achieving the desired objective of timelier disclosures and improved information flow between associations and their shareholders and investors. Accordingly, a System institution should also include the Web site address with the written notification.

#### D. Persons Entitled to Notice

Two commenters said that the proposed rule requires that notice be provided to "shareholders and other interested persons," but does not define the term "other interested persons." The commenters suggested that we either define or delete this term.

We agree with the commenters that, as currently written, the term "other interested persons" may be unclear. Thus, we are eliminating reference to that term. The final rule will require that notice be provided to "shareholders."

#### V. Description of Final Rule

##### A. Section 620.4—Preparing and Providing the Annual Report

Section 620.4 establishes the requirement for each System institution to prepare and provide a copy of its annual reports to its shareholders. Existing paragraph (a) of this section requires that each System institution prepare and provide to its shareholders an annual report within 75 days of the end of its fiscal year. In the proposed rule, we proposed to revise § 620.4 to require that each institution of the Farm Credit System: (1) Prepare and send us an electronic copy of its annual report within 75 calendar days of the end of its fiscal year; (2) publish a copy of its annual report on its Web site when it sends us the electronic copy; (3) provide prior written notification to its shareholders and other interested persons that the institution will publish its annual report on the institution's Web site when it is sent electronically

to us; and, (4) within 90 calendar days of the end of its fiscal year, prepare and provide to its shareholders an annual report that is substantively identical to the copy of report that it sent to us.

After careful consideration of the substantive comments received, we adopt the modified provisions as final.

#### B. Technical Amendment

We are not making a technical amendment because there is no need for it.

#### VI. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the FCA hereby certifies that the final rule will not have a significant economic impact on a substantial number of small entities. Each of the banks in the System, considered together with its affiliated associations, has assets and annual income in excess of the amounts that would qualify them as small entities. Therefore, System institutions are not "small entities" as defined in the Regulatory Flexibility Act.

#### List of Subjects in 12 CFR Part 620

Accounting, Agriculture, Banks, banking, Reporting and recordkeeping requirements, Rural areas.

■ For the reasons stated in the preamble, we are amending part 620 of chapter VI, title 12 of the Code of Federal Regulations as follows:

#### PART 620—DISCLOSURE TO SHAREHOLDERS

■ 1. The authority citation for part 620 continues to read as follows:

**Authority:** Secs. 4.19, 5.9, 5.17, 5.19, 8.11 of the Farm Credit Act (12 U.S.C. 2207, 2243, 2252, 2254, 2279aa–11); sec. 424 of Pub. L. 100–233, 100 Stat. 1568, 1656.

#### Subpart B—Annual Report to Shareholders

■ 2. Revise § 620.4(a) to read as follows:

##### § 620.4 Preparing and providing the annual report.

\* \* \* \* \*

(a) Each institution of the Farm Credit System must:

(1) Prepare and send to the Farm Credit Administration an electronic copy of its annual report within 75 calendar days of the end of its fiscal year;

(2) Publish a copy of its annual report on its Web site when it sends the report electronically to the Farm Credit Administration;

(3) Provide prior written notification to its shareholders that the institution

will publish its annual report on the institution's Web site when the report is sent electronically to the Farm Credit Administration; and

(4) Within 90 calendar days of the end of its fiscal year, prepare and provide to its shareholders an annual report substantively identical to the copy of the report sent to the Farm Credit Administration under paragraph (a)(1) of this section.

\* \* \* \* \*

Dated: November 28, 2007.

**Roland E. Smith,**

*Secretary, Farm Credit Administration Board.*  
[FR Doc. E7-23502 Filed 12-3-07; 8:45 am]

BILLING CODE 6705-01-P

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 97

[Docket No. 30580; Amdt. No. 3245]

#### Standard Instrument Approach Procedures, and Takeoff Minimums and Obstacle Departure Procedures; Miscellaneous Amendments

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Final rule.

**SUMMARY:** This Rule establishes, amends, suspends, or revokes Standard Instrument Approach Procedures (SIAPs) and associated Takeoff Minimums and Obstacle Departure Procedures for operations at certain airports. These regulatory actions are needed because of the adoption of new or revised criteria, or because of changes occurring in the National Airspace System, such as the commissioning of new navigational facilities, adding new obstacles, or changing air traffic requirements. These changes are designed to provide safe and efficient use of the navigable airspace and to promote safe flight operations under instrument flight rules at the affected airports.

**DATES:** This rule is effective December 4, 2007. The compliance date for each SIAP, associated Takeoff Minimums, and ODP is specified in the amendatory provisions.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of December 4, 2007.

**ADDRESSES:** Availability of matters incorporated by reference in the amendment is as follows:

#### *For Examination—*

1. FAA Rules Docket, FAA Headquarters Building, 800 Independence Avenue, SW., Washington, DC 20591;

2. The FAA Regional Office of the region in which the affected airport is located;

3. The National Flight Procedures Office, 6500 South MacArthur Blvd., Oklahoma City, OK 73169 or,

4. The National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: [http://www.archives.gov/federal\\_register/code\\_of\\_federal\\_regulations/ibr\\_locations.html](http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html).

*Availability—*All SIAPs and Takeoff Minimums and ODPs are available online free of charge. Visit [nfdc.faa.gov](http://nfdc.faa.gov) to register. Additionally, individual SIAP and Takeoff Minimums and ODP copies may be obtained from:

1. FAA Public Inquiry Center (APA-200), FAA Headquarters Building, 800 Independence Avenue, SW., Washington, DC 20591; or

2. The FAA Regional Office of the region in which the affected airport is located.

#### **FOR FURTHER INFORMATION CONTACT:**

Harry J. Hodges, Flight Procedure Standards Branch (AFS-420), Flight Technologies and Programs Division, Flight Standards Service, Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 South MacArthur Blvd., Oklahoma City, OK 73169 (Mail Address: P.O. Box 25082, Oklahoma City, OK 73125) telephone: (405) 954-4164.

**SUPPLEMENTARY INFORMATION:** This rule amends Title 14 of the Code of Federal Regulations, Part 97 (14 CFR part 97), by establishing, amending, suspending, or revoking SIAPs, Takeoff Minimums and/or ODPs. The complete regulatory description of each SIAP and its associated Takeoff Minimums or ODP for an identified airport is listed on FAA form documents which are incorporated by reference in this amendment under 5 U.S.C. 552(a), 1 CFR part 51, and 14 CFR part 97.20. The applicable FAA Forms are FAA Forms 8260-3, 8260-4, 8260-5, 8260-15A, and 8260-15B when required by an entry on 8260-15A.

The large number of SIAPs, Takeoff Minimums and ODPs, in addition to their complex nature and the need for a special format make publication in the **Federal Register** expensive and impractical. Furthermore, airmen do not use the regulatory text of the SIAPs, Takeoff Minimums or ODPs, but instead refer to their depiction on charts printed

by publishers of aeronautical materials. Thus, the advantages of incorporation by reference are realized and publication of the complete description of each SIAP, Takeoff Minimums and ODP listed on FAA forms is unnecessary. This amendment provides the affected CFR sections and specifies the types of SIAPs and the effective dates of the SIAPs, the associated Takeoff Minimums, and ODPs. This amendment also identifies the airport and its location, the procedure, and the amendment number.

#### **The Rule**

This amendment to 14 CFR part 97 is effective upon publication of each separate SIAP, Takeoff Minimums and ODP as contained in the transmittal. Some SIAP and Takeoff Minimums and textual ODP amendments may have been issued previously by the FAA in a Flight Data Center (FDC) Notice to Airmen (NOTAM) as an emergency action of immediate flight safety relating directly to published aeronautical charts. The circumstances which created the need for some SIAP and Takeoff Minimums and ODP amendments may require making them effective in less than 30 days. For the remaining SIAPs and Takeoff Minimums and ODPs, an effective date at least 30 days after publication is provided.

Further, the SIAPs and Takeoff Minimums and ODPs contained in this amendment are based on the criteria contained in the U.S. Standard for Terminal Instrument Procedures (TERPS). In developing these SIAPs and Takeoff Minimums and ODPs, the TERPS criteria were applied to the conditions existing or anticipated at the affected airports. Because of the close and immediate relationship between these SIAPs, Takeoff Minimums and ODPs, and safety in air commerce, I find that notice and public procedure before adopting these SIAPs, Takeoff Minimums and ODPs are impracticable and contrary to the public interest and, where applicable, that good cause exists for making some SIAPs effective in less than 30 days.

#### **Conclusion**

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(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)