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| **Title:** | **FINAL RULE--Miscellaneous Technical Changes--12 CFR Parts 600, 601, 602, 603, 604, 611, 612, 613, 614, 615, 617, and 618** |
| **Date of Issuance:** | **11/20/1986** |
| **Agency:** | **FCA** |
| **Federal Register Cite:**  | **51 FR 41932** |

FARM CREDIT ADMINISTRATION

12 CFR Parts 600, 601, 602, 603, 604, 611, 612, 613, 614, 615, 617, and 618

Miscellaneous Technical Changes

**AGENCY:** Farm Credit Administration.

**ACTION:** Final rule.

**SUMMARY:** The Farm Credit Administration Board (Board) adopts technical amendments to certain regulations relating to the organization, authorities, and responsibilities of the Farm Credit Administration (FCA) and the Farm Credit System (System). The regulations implement statutory changes to the structure and operations of the FCA, the FCA Board, and the System resulting from the enactment of the Farm Credit Amendments Act of 1985 (1985 Amendments) and contain various other technical changes.

**EFFECTIVE DATE:** November 20, 1985.

**FOR FURTHER INFORMATION CONTACT:** Gary L. Norton, Senior Attorney, Office of General Counsel, Farm Credit Administration, McLean, Virginia 22012-5090, (703) 883-4020.

**TEXT:**

**SUPPLEMENTARY INFORMATION:** The 1985 Amendments amended a number of sections of the Farm Credit Act of 1971 (Act) relating to the organization and operation of the FCA and the System. Among other things, the 1985 Amendments restructured the FCA by creating the FCA Board and dissolving the prior Federal Farm Credit Board; created the Farm Credit System Capital Corporation; changed the procedure for the selection of the seventh member of each Farm Credit district board; and deleted certain authorities of the FCA related to the delegation of functions and the auditing of System institutions. These amendments to FCA regulations implement these statutory changes and also include other technical amendments, including the elimination of gender-based designations.

The amendments contained in these regulations relate to the following matters:

(1) Substitute "Chairman" for "Governor";

(2) Eliminate gender-based designations;

(3) Provide for the election of at-large district directors;

(4) Update Federal agency designations, i.e., Office of Personnel Management (OPM) for Civil Service Commission;

(5) Provide for the reorganization of the FCA;

(6) Include appropriate references to the Farm Credit System Funding Corporation and the Farm Credit System Capital Corporation;

(7) Provide for yearly examination of System institutions by the FCA;

(8) Delete the authority of the FCA to audit System institutions;

(9) Delete the authority of the FCA to delegate matters to System institutions;

(10) Correct errors in numbering of regulations; and

(11) Delete certain redundant regulations.

In acting on the regulations, the Board determined that the amendments conform the regulations to statutory changes and relate to agency management and personnel and, therefore, do not involve rulemaking as defined in 5 U.S.C. 553(a)(2). The purpose of the rulemaking requirements of the Administrative Procedure Act is to allow public participation in the promulgation of rules which have a substantial impact on those regulated. Since these regulations contain nondiscretionary implementations of statutory changes or relate to agency management and personnel, no public participation is required under the Administrative Procedure Act nor would such participation serve a useful function.

Even if these regulations did involve rules for purposes of 5 U.S.C. 553(a), the Board finds that notice and public comment are unnecessary and contrary to the public interest. 5 U.S.C. 553(b) (A) and (B) provide that when regulations involve matters of agency organization, or where the agency finds for good cause that notice and public comment are unnecessary or contrary to the public interest, the agency may publish regulations in final form. As discussed above, these regulations involve technical amendments or conforming changes required by the 1985 Amendments. It would be contrary to the public interest to delay these changes since they are necessary to the public's awareness and understanding of the changes to the FCA's organization and operations which resulted from the 1985 Amendments. Without these amendments, the existing regulations are inaccurate and confusing to the public.

For the same reasons, the Board has determined, in accordance with 5 U.S.C. 553(d), that these regulations will be effective immediately upon publication.

The Board has also determined, for the same reasons, that a delay in the effective date in accordance with § 5.17(b)(1) of the Act is unnecessary and would be contrary to the intent of Congress.

Accordingly, the Board directs that the regulations are effective immediately upon publication.

**List of Subjects in 12 CFR Parts 600 through 604, 611 through 615, 617, and 618**

Accounting, Agriculture, Archives and records, Banks, Banking, Civil rights, Conflict of interest, Credit, Freedom of information, Marital status discrimination, Organization and functions (Government agencies), Privacy, Religious discrimination, Rural areas, Sex discrimination, Sunshine Act.

As stated in the preamble, Parts 600 through 604, 611 through 615, 617, and 618 of Chapter VI, Title 12, of the Code of Federal Regulations are amended as follows:

1. Part 600 is revised to read as follows:

**PART 600 -- ORGANIZATION AND FUNCTIONS**

**Subpart A -- Farm Credit Administration**

Sec.

600.1 Farm Credit Administration.

600.2 Farm Credit Administration Board.

600.3 Chairman of the Farm Credit Administration Board.

600.4 Office of Administration.

600.5 Office of Analysis and Supervision.

600.6 Office of Congressional and Public Affairs.

600.7 Office of Examination.

600.8 Office of General Counsel.

600.9 Other offices.

**Subpart B -- [Reserved]**

**Authority:** 12 U.S.C. 2243, 2252.

**§ 600.1 Farm Credit Administration.**

The Farm Credit Administration is an independent agency in the executive branch of the Federal Government. It is composed of the Farm Credit Administration Board and such other personnel as are employed in carrying out the functions, powers, and duties vested in the Farm Credit Administration. The mailing address of the central offices of the Farm Credit Administration is McLean, Virginia 22102-5090. The hours of business are 8 a.m.-6 p.m., Monday through Friday, excluding holidays.

**§ 600.2 Farm Credit Administration Board.**

(a) Organization. The Farm Credit Administration Board (Board) is a full-time, three-member board entrusted with the responsibility to manage the Farm Credit Administration. The Board consists of three members appointed by the President with the advice and consent of the Senate. The Board may not contain more than two members of the same political party. One member is designated by the President as Chairman of the Board for the duration of such member's term. Each member of the Board shall serve a single 6-year term and cannot be reappointed except in the case of such members who are initially appointed for less than a 6-year term on initial formation of the Board or any member who is appointed to fill an unexpired term of less than 3 years. A member of the Board shall continue to serve subsequent to the expiration of that member's term until the point in time at which an eligible successor has taken his or her oath of office. A person appointed to the Board shall subscribe to the oath of office within 15 days after having received notice of appointment. Each Board member is assisted by a staff.

(b) Functions and responsibilities. The Board establishes and administers policy and directs the management and operation of the Farm Credit Administration. Specifically, the Board prescribes the rules and regulations necessary for the implementation of the Farm Credit Act of 1971, as amended, and provides for the examination of Farm Credit System institutions and for the performance of all the powers and duties vested in the Farm Credit Administration.

**§ 600.3 Chairman of the Farm Credit Administration Board.**

(a) The Chairman of the Board is the executive officer of the Board and the chief executive officer of the Farm Credit Administration. The Chairman is responsible for directing the implementation of the policies and regulations of the Board and the execution of all the administrative functions and duties of the Farm Credit Administration. The Chairman is the spokesperson for the Board in its dealings with other branches of the Federal Government and consults with the Secretary of the Treasury, Board of Governors of the Federal Reserve System, and the Secretary of Agriculture on specified matters.

(b) The Chairman is empowered with the authority to establish and fix the powers and duties of offices and divisions and such other units as the Chairman deems necessary for the efficient functioning of the Farm Credit Administration. The Chairman may appoint such personnel as may be necessary to carry out the functions of the Farm Credit Administration. The powers of the Chairman as chief executive officer of the Farm Credit Administration may be exercised and performed by the Chairman through such officers and employees of the Farm Credit Administration as the Chairman may designate.

(c) The Chairman shall enforce the rules and regulations and orders of the Board. In carrying out the aforementioned responsibilities, the Chairman is governed by the general policies adopted by the Board and by such regulatory decisions, findings, and determinations as the Board is authorized by law to formulate.

**§ 600.4 Office of Administration.**

The Office of Administration, headed by a Director, provides administrative management and services to the agency; administers strategic planning activities for the agency; represents the agency with other Federal agencies and departments; and provides the agency with document processing assistance. The Office of Administration contains five divisions, each of which is headed by a Chief. The divisions are organized as follows:

(a) The Administration Division administers agency support functions relating to financial and material resources such as preparation of the budget, accounting and payroll, contracting and purchasing, supplies and equipment, mail, telecommunications, graphic design, and printing and reproduction.

(b) The Human Resources Division administers agency personnel and general training programs, security, and ethics responsibilities for agency personnel; reviews the compensation programs of Farm Credit System institutions; and administers requests of Farm Credit System institutions for related approvals required under the Act.

(c) The Records and Projects Division directs the agency information resource program; administers the process for the election of district directors; and is the liaison with the Farm Credit System Building Association.

(d) The Information Processing Division administers the development and operation of the agency's electronic information processing facilities and operations; develops software and applications programs; and is responsible for electronic data security.

(e) The Examiner Training Division develops and administers a comprehensive training and development program for Farm Credit Administration examiners, including creating development programs for prescribed career tracks and designing and implementing programs to maintain the competence of middle-level and senior examiners.

**§ 600.5 Office of Analysis and Supervision.**

The Office of Analysis and Supervision, headed by a Director, supervises, establishes standards, enforces rules and regulations, approves certain bank and association actions required by the Act, collects data, and conducts analytical and economic studies of the Farm Credit System. The Office of Analysis and Supervision contains four divisions, each of which is headed by a Chief. The divisions are organized as follows:

(a) The Supervision Division monitors the compliance of Farm Credit System institutions with Farm Credit Administration rules and regulations; initiates, prepares, and pursues enforcement actions; and assists in the preparation of Farm Credit Administration rules and regulations.

(b) The Finance and Operations Division conducts special finance, security, accounting, or credit studies supporting the examination function and the development of agency policy, regulations, directives, and action by the Farm Credit Administration Board; analyzes and recommends agency action on approvals regarding mergers, charter amendments, or territorial changes of Farm Credit institutions; recommends agency action on approvals regarding bylaws and financial, security, accounting, or credit action required by the Act; and publishes and maintains the FCA Examination Manual.

(c) The Economic Analysis Division conducts economic research relevant to the activities of the Farm Credit Administration and the Farm Credit System. The Economic Analysis Division is responsible for providing advice to the Board on economic trends and otherwise furnishing assistance on economic issues arising in the examination, supervision, and planning functions.

(d) The System Data Analysis Division collects, reconciles, and interprets the financial data reported by Farm Credit System institutions and reports the results of its analysis to the Board and the appropriate offices and divisions in the agency.

**§ 600.6 Office of Congressional and Public Affairs.**

The Office of Congressional and Public Affairs, headed by a Director, is responsible for coordinating and disseminating all communication, written and oral, with Congress; monitoring and reporting legislation affecting the Farm Credit Administration or Farm Credit System institutions; advising and counseling the Farm Credit Administration Board on legislative affairs; acting, as directed by the Board, as spokesman for the Farm Credit Administration to members of Congress and congressional staff; directing timely responses to congressional inquiries from constituents; directing timely responses to hearing records; acting as liaison for the Board with congressional affairs departments of all financial regulators; planning and implementing all public communications; producing all news releases, newsletters, annual reports and similar publications; acting as first contact for the agency with the news media; advises and directs Board communication with the media; first source of contact with the public; is responsible for the public image of the Farm Credit Administration; functions as first source of information to Farm Credit System institutions and borrowers concerning the Farm Credit Administration; directs all communication and association with international publics and media; arranges briefings and documents for foreign visitors; and represents the Farm Credit Administration in world farm financial communities.

**§ 600.7 Office of Examination.**

The Office of Examination, headed by a Chief Examiner, is responsible for the planning and execution of examinations of Farm Credit System institutions and for the preparation of examination reports. The Chief Examiner is responsible for the management and operation of the examination function and for advising the Farm Credit Administration Board with respect to matters of policy, legislation, and regulation that relate to examination activity. The Office of Examination is composed of five divisions, each headed by a Chief, and each of which is responsible for conducting examination activities for the institutions assigned it. The divisions are organized as follows:

(a) Field Division A, headquartered in McLean, Virginia, with district examination teams in McLean, Virginia; Jackson, Mississippi; and Louisville, Kentucky; is responsible for the Baltimore, Louisville, and Jackson Districts.

(b) Field Division B, headquartered in McLean, Virginia, with district examination teams in McLean, Virginia; Albany, New York; Atlanta, Georgia; and Dallas, Texas; is responsible for the Springfield, Columbia, and Texas Districts.

(c) Field Division C, headquartered in Spokane, Washington, with district examination teams in Spokane, Washington; Sacramento, California; and St. Paul, Minnesota; is responsible for the Sacramento, Spokane, and St. Paul Districts.

(d) Field Division D, headquartered in St. Louis, Missouri, with district examination teams in St. Louis, Missouri; Omaha, Nebraska; and Oklahoma City, Oklahoma; is responsible for the St. Louis, Wichita, and Omaha Districts.

(e) The Credit Risk Evaluation Division, located in McLean, Virginia, is responsible for examining the Farm Credit System Capital Corporation, Federal Farm Credit Bank Funding Corporation, Central Bank for Cooperatives, international activities of the banks for cooperatives, National Cooperative Bank, Farm Credit Corporation of America, Farm Credit Leasing Services Corporation, and other service organizations incorporated under Title IV, Part C, of the Act, which are not subject to examination by a district team.

**§ 600.8 Office of General Counsel.**

The Office of General Counsel, headed by a General Counsel, provides legal services to the Farm Credit Administration. The Office of General Counsel is responsible for advising the Farm Credit Administration Board with respect to interpretations involving questions of law; for advising the Board and making recommendations on requests for approvals; for the preparation of legislation submitted by the Board to Congress; for the preparation of Board comments to Congress upon pending legislation; and for coordinating the preparation of the rules and regulations. The Office of General Counsel is also responsible for representing the Board and the Farm Credit Administration in judicial proceedings in which the Board or the agency is involved as a party or as amicus curiae, and in administrative proceedings under the Act. The Office of General Counsel is divided into two divisions, the Litigation and Enforcement Division and the Corporate and Administrative Division, each of which is headed by an Associate General Counsel.

**§ 600.9 Other offices.**

(a) The Office of Internal Audit, headed by a Director, is responsible for the internal audit function in the agency and reports directly to the Chairman. The internal audit function involves reviewing and evaluating the adequacy and effectiveness of the controls and procedures of all Farm Credit Administration operating and administrative offices.

(b) The Office of Equal Employment Opportunity, headed by a Director, promotes the principles of equal employment opportunity and ensures agency compliance with applicable law, regulation, and policy, and reports directly to the Chairman.

**Subpart B -- [Reserved]**

**PART 601 -- EMPLOYEE RESPONSIBILITIES AND CONDUCT**

2. The authority citation for Part 601 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

3. Section 601.100 is amended by revising paragraph (b) to read as follows:

**§ 601.100 General policy.**

\* \* \* \* \*

(b) All officers and employees have an obligation to the Government, to the people they serve, and to their fellow officers and employees to carry out the purpose and spirit of this policy.

\* \* \* \* \*

4. Section 601.101 is revised to read as follows:

**§ 601.101 Responsibilities.**

(a) In the administration of the policy set forth in § 602.200 of this chapter, the rules and regulations thereunder, the Chief, Human Resources Division, Office of Administration, is responsible for:

(1) General coordination,

(2) Dissemination of information,

(3) Handling of complaints,

(4) Assignment of investigations,

(5) Administration interpretation, and

(6) Periodic review and evaluation of compliance.

(b) The Chief, Human Resources Division, Office of Administration, shall serve as counselor on ethical conduct and shall be responsible for assuring that counseling and interpretations on questions dealing with employee conduct and conflicts of interest are available to any officer or employee who desires advice and guidance on such questions.

5. Section 601.110 is amended by revising the introductory text and paragraphs (a), (b), (d) (4) and (5), (e), (f), (g), (h), and (i) to read as follows:

**§ 601.110 Conflict of interest.**

Except as specifically authorized by law or these regulations, no officer or employee of the Farm Credit Administration:

(a) Shall, in any manner directly or indirectly, participate in the deliberation upon, or the determination of, any question affecting that person's personal interests, those of any person related to that person by blood or marriage, or those of any partnership, association, or corporation in which that person is directly or indirectly interested;

(b) Shall, except in the performance of official duties, divulge to another person, or utilize for personal benefit or that of another, any fact or information acquired by such officer or employee, directly or indirectly, by virtue of that person's employment;

\* \* \* \* \*

(d) \* \* \*

(4) From any person who has an interest that may be substantially affected by the performance or nonperformance of such officer's or employee's official duty, any salary, loan, fee, commission, or honorarium or, for any purpose or in any way, any gift, favor, entertainment, or other benefit which might reasonably be interpreted by others as being of such nature that it could affect that person's impartiality; Exception: Such officer or employee may accept food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting where such officer or employee may properly be in attendance, may accept unsolicited advertising or promotional material such as pens, pencils, note pads, calendars and other items of nominal value, and may accept, with the written approval of the Chairman and upon such conditions as the Chairman may prescribe, any benefit otherwise enjoined hereby if the circumstances make clear that the motivating factor for the extension of such benefit is not based on the Government responsibilities of the officer or employee and the business of the other person concerned.

(5) Nothing in this part precludes an employee from receipt of bona fide reimbursement, unless prohibited by law, for expenses of travel and such other necessary subsistence as is compatible with this part for which no Government payment or reimbursement is made. However, this paragraph does not allow an employee to be reimbursed, or payment to be made on that person's behalf, for excessive personal living expenses, gifts, entertainment or other personal benefits, nor does it allow an employee to be reimbursed by a person for travel on official business under Agency orders when reimbursement is proscribed by Decision B-128527 of the Comptroller General dated March 7, 1967.

(e) Shall acquire, directly or indirectly (including acquisition by membership in syndicates), any lands, or any interest therein, including mineral interests and interests as mortgagee or lessee, which are owned by or mortgaged to any corporation regulated by the Farm Credit Administration or which were thus owned or mortgaged at any time within the preceding 12 months. However, such lands, or interests therein, may be acquired by will or inheritance or upon the written approval of the Chairman subject to such conditions as the Chairman may prescribe. As used in this paragraph, "mineral interests" means any interest in minerals, oil, or gas, including, but not limited to, any right derived directly or indirectly from a mineral, oil, or gas lease, deed or royalty conveyance;

(f) Shall participate directly or indirectly in any transaction concerning the purchase or sale of corporate stocks or bonds, commodities, or other property if such action might tend to interfere with the proper and impartial performance of that person's duties or bring discredit upon the Farm Credit Administration or any corporation under its supervision;

(g) Shall engage in criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, or otherwise conduct himself/herself in a manner which might be prejudicial and cause embarrassment to or criticism of the Government or the Farm Credit Administration or any corporation under its supervision or interfere with the efficient performance of that person's duties;

(h) Shall receive any salary or anything or monetary value from a private source as compensation for that person's services to the Government;

(i) Shall refuse to pay in a proper and timely manner each financial obligation which is imposed by law, such as Federal, State, or local taxes, or which he has acknowledged, or which has been reduced to judgment by a court. As used herein, "proper and timely" means in a manner which the Farm Credit Administration deems does not, under the circumstances, reflect adversely on the Farm Credit Administration as that person's employer. In the event of a dispute between an employee and an alleged creditor, this section does not require the Farm Credit Administration to determine the validity or amount of the disputed debt;

\* \* \* \* \*

6. Section 601.126 is revised to read as follows:

**§ 601.126 Teaching, writing, and lecturing.**

(a) No officer or employee of the Farm Credit Administration shall receive compensation or anything of monetary value for any consultation, lecture, discussion, writing, or appearance the subject matter of which is devoted substantially to the responsibilities, programs, or operations of the Farm Credit Administration or any institution regulated by the Farm Credit Administration, or draws substantially upon official data or ideas which have not become part of the body of public information.

(b) No officer or employee of the Farm Credit Administration shall, either for or without compensation, engage in teaching, lecturing, or writing for the purpose of the special preparation of a person or class of persons for an examination of the Office of Personnel Management or Board of Examiners for the Foreign Service that depends on information obtained as a result of that person's Government employment, except when that information has been made available to the general public or will be made available on request, or when the Chairman gives written authorization for use of nonpublic information on the basis that the use is in the public interest.

7. Section 601.127 is amended by revising paragraphs (c) and (e) to read as follows:

**§ 601.127 Administrative approval to engage in outside employment.**

\* \* \* \* \*

(c) The request for approval will be submitted to the supervisor who will make a written recommendation for approval or disapproval and forward the request through the director of the appropriate office to the Chief of Human Resources Division. The Chief of Human Resources Division will notify employees in writing of the actions taken on their requests and the reasons for approval or disapproval. This notification will be coordinated and cleared with the employees' supervisor prior to issuance. All approved requests and a copy of the notification of the approval action will be maintained in the Human Resources Division.

\* \* \* \* \*

(e) Failure to request administrative approval for outside employment or other outside activity for which approval is required is grounds for disciplinary action.

\* \* \* \* \*

8. Section 601.130 is revised to read as follows:

**§ 601.130 Farm Credit Administration examiners.**

Farm Credit Administration examiners occupy positions established specifically by law to carry out special responsibilities. In order that they may carry out these responsibilities effectively, it is expected that they will refrain from action or conduct that may result in, or create the appearance of, obligating them to or causing them to be influenced by any of the officers or employees of the institutions examined, supervised, or regulated by the Farm Credit Administration.

9. Section 601.140 is revised to read as follows:

**§ 601.140 Political activity.**

Various provisions of Federal statutes and regulations prohibit or limit political activity on the part of officers and employees of Federal agencies. Any officer or employee who desires to have more detailed information should make inquiry of the Human Resources Division.

10. Section 601.141 is revised to read as follows:

**§ 601.141 Prohibition against involvement in Farm Credit System elections of board members.**

No officer or employee of the Farm Credit Administration, except as authorized in the discharge of his or her official duties, shall take any part, directly or indirectly, in the nomination or election of a member of a district Farm Credit board or the board of the Central Bank for Cooperatives or make any statement, either orally or in writing, which may be construed as intended to influence any vote in such designations, nominations, or elections. Any such officer or employee who violates the provisions of this section shall be dismissed.

11. Section 601.150 is amended by revising the introductory text and paragraphs (b) and (d) to read as follows:

**§ 601.150 Distribution of printed material by employees.**

The distribution of circulars, flyers, posters, etc., by individual Farm Credit Administration employee groups should be confined to material that will not result in embarrassment to the Farm Credit Administration. Distribution of any such material should be cleared with the Human Resources Division. Specifically, no circulars, flyers, posters, etc., may be so distributed which:

\* \* \* \* \* \*

(b) Directly or indirectly attack or adversely reflect on the integrity or character of Members of Congress, the judiciary, the President or Members of the President's Cabinet, or any other Government official in a similarly responsible position:

\* \* \* \* \*

(d) Directly or indirectly criticize the policies of another Government department or agency which relate to programs of the Farm Credit Administration or institutions under its examination, supervision, or regulation.

12. Section 601.165 is amended by revising paragraph (b) to read as follows:

**§ 601.165 Foreign decorations.**

\* \* \* \* \*

(b) Any Farm Credit Administration employee who has had such a present conferred on him or her must notify the Human Resource Division that it is being held by the State Department so that appropriate steps may be taken at time of the employee's retirement, for reporting to Congress.

13. Section 601.170 is amended by revising paragraphs (a)(2), (3), and (4) to read as follows:

**§ 601.170 Statements of employment and financial interests.**

(a) \* \* \*

(2) Employees classified at the GS-13 level and above under 5 U.S.C. § 5332 or at comparable pay levels under other authority and who are identified by the Chief of Human Resources Division as holding positions requiring the incumbent thereof to exercise judgment in making Government decisions or taking actions where such decisions or actions may have an economic impact on the interest of any non-Federal enterprise, including the institutions of the Farm Credit System.

(3) Employees classified below the GS-13 level under 5 U.S.C. 5332 or at a comparable pay level under authority, and who are in positions which otherwise meet the criteria of paragraphs (a) (1) and (2) of this section, providing the Office of Personnel Management has approved the determination that the incumbents of such positions should be required to file statements of employment and financial interests in order to protect the integrity of the Government and to avoid the employee's involvement in a possible conflict-of-interest situation.

(4) An employee described in paragraph (a) (1) and (2) of this section may be exempted from the requirement for filing a statement of employment and financial interests when the Chief of Human Resources Division determines that the employee's duties are of such a nature, or are at such a level of responsibility and are subject to such a degree of supervision and review, that the possibility of his or her becoming involved in a conflict of interest is remote.

\* \* \* \* \*

14. Section 601.171 is amended by revising the introductory text to read as follows:

**§ 601.171 Time and place for submission of statements.**

The statement of employment and financial interest, which need not include the amount of financial interest, indebtedness, or value of real property, shall be submitted to the designee of the Chairman not later than:

\* \* \* \* \*

15. Section 601.176 is revised to read as follows:

**§ 601.176 Confidentiality of statements.**

The Farm Credit Administration shall hold each statement of employment and financial interest, and each supplementary statement, in confidence. To ensure this confidentiality, the designee of the Chairman shall review and retain such statements and maintain them in confidence, and shall not allow access to, or allow information to be disclosed from, a statement except to carry out the purpose of this subpart. The Farm Credit Administration will not disclose information from a statement except as the Office of Personnel Management or the Chairman may determine for good cause shown.

16. Section 601.178 is revised to read as follows:

**§ 601.178 Review of statements.**

The statement of employment and financial interests shall be reviewed by the designee of the Chairman to determine whether the statement reveals a conflict or an apparent conflict between the interests of the officer or employee and the performance of such officer's or employee's service for the Farm Credit Administration. If such conflict or apparent conflict cannot be resolved by consultation between the designee of the Chairman and the officer or employee, the conflict or apparent conflict shall be reported to the Chairman for such further handling or action as the Chairman may deem indicated under the circumstances.

17. Section 601.180 is revised to read as follows:

**§ 601.180 Special Government employees.**

In addition to those requirements of §§ 601.110 through 601.170 of this part which may be made conditions of employment of a special Government employee in writing at the time of that person's employment, or otherwise apply to that person by operation of law, such employee:

(a) Shall not use Government employment for a purpose that is, or gives the appearance of being, motivated by the desire for private gain for the employee or another person, particularly one with whom the employee has family, business, or financial ties;

(b) Shall not use inside information obtained as a result of Government employment for private gain for the employee or another person either by direct action on the employee's part or by counsel, recommendation, or suggestion to another person, particularly one with whom the employee has family, business, or financial ties (for this purpose "inside information" means information obtained under Government authority which has not become part of the body of public information);

(c) Shall not use Government employment to coerce, or give the appearance of coercing, a person to provide financial benefit to the employee or another person, particularly one with whom the employee has family, business, or financial ties;

(d) Shall not while so employed or in connection with such employment receive or solicit from a person having business with the Farm Credit Administration anything of value as a gift, gratuity, loan, entertainment, or favor for the employee or another person, particularly one with whom the employee has family, business, or financial ties. However, such employee may accept food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting where such employee may properly be in attendance, may accept unsolicited advertising or promotional material such as pens, pencils, note pads, calendars and other items of nominal value, and may accept, with written approval of the Chairman and upon such conditions as he may prescribe, any benefit otherwise enjoined hereby if the circumstances make clear that the motivating factor for the extension of such benefit is not based on the Government responsibilities of the employee and the business of the other person concerned;

(e) Shall submit to the designee of the Chairman prior to the commencement of employment a statement of employment and financial interests in the form prescribed by the Office of Personnel Management which reports all other employment and any financial interests which relate either directly or indirectly to the employee's duties and responsibilities as a special Government employee. The employee shall keep such statement current throughout the period of employment by the submission of supplementary statements. The information contained in the statement shall be reviewed and otherwise handled as is provided in § 601.178 of this part with regard to statements of employment and financial interests required to be furnished by officers and employees. The Chairman may waive the requirements for the submission of such statement in the case of a special Government employee who is not a consultant or an expert when the Farm Credit Administration finds that the duties of the position held by that special Government employee are of a nature and at such a level of responsibilities the submission of that statement by the incumbent is not necessary to protect the integrity of the Government.

**§ 601.190 [Removed]**

18. Section 601.190 is removed.

**PART 602 -- RELEASING INFORMATION**

19. The authority citation for Part 602 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

**Subpart A -- Information and Records Generally**

20. Section 602.200 is revised to read as follows:

**§ 602.200 General rule.**

Except as necessary in performing official duties or as authorized by §§ 602.205 through 602.288 of this part, no one employed by the Farm Credit Administration shall disclose information of a type not ordinarily contained in published reports or press releases regarding the Farm Credit Administration or any banks or associations of the Farm Credit System or its borrowers or members. Information prepared for newspapers, publishing and broadcasting companies, and all new or revised publications shall be cleared with the Office of Congressional and Public Affairs.

21. Section 602.205 is revised to read as follows:

**§ 602.205 Farm Credit Administration examination reports.**

Reports of examinations of Farm Credit System institutions made by the Farm Credit Administration may be disclosed only with the consent of the Chairman of the Farm Credit Administration Board. Consent is given for disclosing reports of regular examinations to the Farm Credit System institution involved or interested, but disclosure of reports of special examinations shall be only by action or consent of the Chairman in each instance. Consent is also given for disclosing reports of regular examinations to authorized representatives of the Farm Credit Administration and, when requested for confidential use in official investigations of matters touched upon therein, to agents of the Federal Bureau of Investigation, Department of Justice; the Assistant Postmaster General, Inspection Service, U.S. Postal Service; the Secret Service; the Internal Revenue Service; Office of the Inspector General, Department of Agriculture; and the General Accounting Office.

**§ 602.210 [Removed]**

22. Section 602.210 is removed.

23. Section 602.215 is amended by revising the introductory text and paragraphs (a), (b), (c) and (e) to read as follows:

**§ 602.215 Data regarding borrowers and loan applicants.**

Because the relationship between borrowers and the institutions in the cooperative Farm Credit System is confidential, Farm Credit Administration personnel shall hold in strict confidence all information regarding character, credit standing, and property of borrowers and applicants for loans. They shall not exhibit or quote the following documents: Loan applications; letters and statements relative to the character, credit standing, and property of borrowers and applicants; recommendations of loan committees; and reports of inspectors, fieldmen, investigators, and appraisers, except as authorized by § 618.8320 of this chapter. This section is subject to the following further exceptions:

(a) Farm Credit Administration examiners and other accredited representatives of the Farm Credit Administration shall have free access to all information, records, and files.

(b) Accredited representatives of the offices named in § 602.205 of this part at their request, be given information pertinent to their official investigations of individual cases, and may examine such portions of the records and files as contain the information.

(c) Information concerning borrowers may be given for the confidential use of any Farm Credit System institution, or any Government agency, in contemplation of the extension of agricultural credit or the collection of loans.

\* \* \* \* \*

(e) In litigation between a borrower (or that borrower's successor in interest) and the United States or a bank or association, any competent evidence may be introduced with respect to any relevant statements made orally or in writing by or to the borrower or that borrower's successor.

24. Section 602.220 is revised to read as follows:

**§ 602.220 Waiver of restrictions.**

If it appears that justice would be served by releasing information in circumstances forbidden by § 602.215 of this part, the restrictions of that section may be waived as to a particular case by the Chairman of the Farm Credit Administration Board. A recommendation for such waiver may be submitted by any institution concerned. Any such recommendation from a Federal land bank association or a production credit association shall be submitted through the appropriate Federal land bank or Federal intermediate credit bank, with the request that it be considered and forwarded to the Farm Credit Administration, if deemed advisable. Each such recommendation shall be supported by a statement of facts and approved by counsel for the forwarding bank. The recommendation should be addressed to the General Counsel, Farm Credit Administration.

**§§ 602.235, 602.240 and 602.245 [Removed]**

25. Sections 602.235, 602.240, and 602.245 are removed.

**Subpart B -- Availability of Records of the Farm Credit Administration**

26. Section 602.260 is revised to read as follows:

**§ 602.260 Request for records.**

Requests for records, other than records identified in § 602.265(a) of this part which are available in a public reference facility in the offices of the Farm Credit Administration, shall be in writing, in an envelope clearly marked "FOIA Request," and addressed to the Freedom of Information Officer, Office of Congressional and Public Affairs, Farm Credit Administration, McLean Virginia 22102-5090. A request improperly addressed will be deemed not to have been received for purposes of the 10-day time period set forth in § 602.261(a) of this part until it is received, or would have been received with the exercise of due diligence by agency personnel, in the Office of Congressional and Public Affairs. Records requested in conformance with this subpart and which are not exempt records may be received in person or by mail as specified in the request. Records to be received in person will be available for inspection of copying during business hours on a regular business day in the public reference facility in the offices of the Farm Credit Administration, McLean, Virginia 22102-5090.

27. Section 602.261 is amended by revising paragraphs (a), (b) (c), and (d) introductory test to read as follows:

**§ 602.261 Response to requests for records.**

(a) Within 10 days (excluding Saturdays, Sundays, and legal public holidays), or any extension thereof as provided in paragraph (d) of this section, of the receipt of a request in the Office of Congressional and Public Affairs, the Freedom of Information Officer shall determine whether to comply with or to deny such request and place a notice thereof in writing in the mails addressed to the requester.

(b) Within 30 days of the receipt of a notice denying, in whole or in part, a request for records, the requester may appeal the denial. The appeal shall be in writing addressed to the Director, Office of Administration, Farm Credit Administration, and both the letter and envelope shall be clearly marked "FOIA Appeal." An appeal improperly addressed shall be deemed not to have been received for purposes of the 20-day time period set forth in paragraph (c) of this section until it is received, or would have been received with the exercise of due diligence by agency personnel, in the Office of the Director, Office of Administration.

(c) Within 20 days (excluding Saturdays, Sundays, and legal public holidays), or any extension thereof as provided in paragraph (d) of this section, of the receipt of an appeal in the Office of the Director, Office of Administration, the Director shall act upon the appeal and place a notice of the determination thereof in writing in the mails addressed to the requester. If the determination on the appeal upholds in whole or in part the denial of the request for records, or, if a determination on the appeal has not been mailed at the end of the 20-day period or the last extension thereof, the requester is deemed to have exhausted that person's administrative remedies, giving rise to a right of review in a district court of the United States as specified in 5 U.S.C. 552(a)(4). When a determination cannot be mailed within the applicable time limit, the appeal will nevertheless be processed. In such case, upon the expiration of the time limit, the requester will be informed of the reason for the delay, of the date on which a determination may be expected to be mailed, and of that person's right to seek judicial review. The requester may be asked to forego judicial review until determination of the appeal.

(d) In unusual circumstances as specified in this paragraph the 10-day time limit prescribed in paragraph (a) of this section or the 20-day time limit prescribed in paragraph (c) of this section, or both, may be extended by the Freedom of Information Officer or the Director, Office of Administration, as the case may be, provided that the total of all extensions shall not exceed 10 days (excluding Saturdays, Sundays, and legal public holidays). Extensions shall be made by written notice to the requester setting forth the reasons for the extension and the date on which a determination is expected to be mailed. As used in this paragraph, "unusual circumstances" means, but only to the extent necessary to the proper processing of the request:

\* \* \* \* \*

28. Section 602.265 is amended by revising paragraphs (c), (d)(2), and (e) to read as follows:

**§ 602.265 Fees for provision of records.**

\* \* \* \* \*

(c) When a request for information which cannot be furnished by the Farm Credit Administration under paragraphs (a) and (b) of this section is received, fees shall be charged in accordance with the schedule contained in paragraph (d) of this section for services rendered in response to requests for Farm Credit Administration records under this Subpart B unless the Director, Office of Administration, determines that such charges or a portion thereof are not in the public interest because furnishing the information can be considered as primarily benefiting the general public. Fees shall not be charged where they would amount, in the aggregate, for a request or series of related requests, to less than $5. Fees shall not be charged if the records requested are not found, or if all of the records located are withheld as exempt. However, if the time expended in processing the request is substantial, and if the requester has been notified of the estimated cost pursuant to paragraph (d) of this section and has been specifically advised that it cannot be determined in advance whether any records will be made available, fees may be charged.

(d) \* \* \*

(2) For each one-quarter hour spent by clerical personnel in excess of the first quarter hour in searching for and producing a requested record, including services to transport personnel to places of record storage, or records to the location of personnel for the purpose of search, $1.50.

\* \* \* \* \*

(e) Where it is anticipated that the fees chargeable under this section will amount to more than $25, and the requester has not indicated in advance a willingness to pay fees as high as are anticipated, the requester shall be promptly notified of the amount of the anticipated fee or such portion thereof as can readily be estimated. When the anticipated fees exceed $50, a deposit of 50 percent of the anticipated fees must be made within 5 business days of the Farm Credit Administration's notice to the requester. Unless the request specifically states that whatever cost is involved will be acceptable, or acceptable up to a specified limit, a request that is expected to involve fees in excess of $25 will not be deemed to have been received for purposes of this subpart until the requester is notified of the anticipated cost and that person's agreement to bear it is received. The notice or request for an advance deposit shall extend an offer to the requester to confer with identified Farm Credit Administration personnel in an attempt to reformulate the request in a manner which will reduce the fees and meet the needs of the requester.

\* \* \* \* \*

**Subpart C -- Testimony and Production of Documents in Legal Proceedings in Which the Farm Credit Administration Is Not a Named Party**

29. Section 602.280 is revised to read as follows:

**§ 602.280 General purposes.**

The purposes of these rules are to maintain the confidentiality of official documents and information of the Farm Credit Administration, conserve the time of Farm Credit Administration employees for their official duties, maintain the impartial position of the Farm Credit Administration in litigation in which the Farm Credit Administration is not a named party, and enable the Chairman to determine when to authorize testimony and to produce documents in legal proceedings in which the Farm Credit Administration is not a named party. This subpart sets forth the procedures to be followed with respect to testimony concerning official matters and production of official documents of the Farm Credit Administration in legal proceedings in which the Farm Credit Administration is not a named party. This subpart in no way affects the rights and procedures governing public access to official documents pursuant to the freedom of information act or the privacy act. See Part 602, Subpart B, and Part 603 of this chapter.

30. Section 602.281 is amended by revising paragraphs (a) through (j) to read as follows:

**§ 602.281 Definitions.**

\* \* \* \* \*

(a) "Chairman" means the Chairman of the Farm Credit Administration Board or his or her designee.

(b) "Court" means any entity conducting a legal proceeding.

(c) "Demand" means any order, subpoena, or other legal process for testimony or documents.

(d) "Document" means any record or paper, including but not limited to a report, credit review, audit, examination, letter, telegram, memorandum, study, calendar and diary entry, log, graph, pamphlet, note, chart, tabulation, analysis, statistical or information accumulation, any kind of record of meetings and conversations, film impression, magnetic tape, or any electronic media, disk, film, or mechanical reproduction that is generated, obtained, or adopted by the FCA in connection with the conduct of its official business.

(e) "Employee" means any officer, former officer, employee or former employee of the FCA, any member of the Farm Credit Administration Board or former member of the Farm Credit Administration Board or the Federal Farm Credit Board, any receiver or conservator appointed by the FCA, or any agent or independent contractor acting on behalf of the FCA, even though the appointment or contract has terminated.

(f) "FCA" means the Farm Credit Administration.

(g) "FCA Counsel" means the General Counsel or his or her designee, a Department of Justice attorney, or counsel authorized by the FCA to act on behalf of the FCA or an employee.

(h) "General Counsel" means the General Counsel of the FCA or his or her designee.

(i) "Legal proceeding" means any administrative, civil, or criminal proceeding, including a discovery proceeding therein, before a court of law, administrative board or commission, hearing officer, or other body in which the FCA is not a named party or in which the FCA has not instituted the administrative investigation or administrative hearing.

(j) "Official" means concerning the authorized business of the FCA.

\* \* \* \* \*

31. Section 602.282 is revised to read as follows:

**§ 602.282 General policy.**

It is the policy of the FCA that official documents will not be voluntarily produced and the FCA employees will not voluntarily appear as witnesses in any legal proceeding. Under appropriate circumstances, the Chairman may grant exceptions in writing to this policy when the Chairman determines that the disclosure of official documents or testimony would be in the best interest of the FCA or in the public interest.

32. Section 602.283 is revised to read as follows:

**§ 602.283 Request for testimony or production of documents.**

(a) No FCA employee shall give testimony concerning official matters nor produce any official documents in any legal proceeding without the prior written authorization of the Chairman.

(b) If testimony by an FCA employee concerning official matters or the production of official documents is desired, the requesting party or his or her counsel shall submit a letter to the Chairman setting forth the title of the case, the forum, the requesting party's interest in the case, a summary of the issues in the litigation, the reasons for the request, and a showing that the desired testimony, documents, or information are not reasonably available from any other source. If an appearance or testimony is requested, the letter shall also set forth the intended use of the testimony, a general summary of the scope of the testimony requested, and a showing that no document could be provided and used in lieu of the testimony or other appearance requested.

(c) The General Counsel is authorized to consult with the requesting party or his or her counsel to: (1) Refine and limit the request so that compliance is less burdensome, or (2) obtain information necessary to make the determination described in § 602.282 of this part. Failure of the requesting party or his or her counsel to cooperate in good faith with the General Counsel to enable the Chairman to make an informed determination under this subpart may serve as the basis for a determination not to comply with the request.

33. Section 602.284 is revised to read as follows:

**§ 602.284 Scope of permissible testimony.**

(a) The scope of permissible testimony by an FCA employee is limited to that set forth in the written authorization granted that employee by the Chairman.

(b) FCA employees are not authorized to give opinion testimony. The FCA, as the regulatory agency charged with the responsibility of examining, supervising, and regulating the banks and associations and other institutions organized or chartered under the Farm Credit Act of 1971, as amended, relies on the ability of its employees to gather full and complete information in order to carry out its statutory responsibilities. The use of FCA employees to give opinion testimony would hamper the FCA's ability to carry out its statutory responsibilities and would cause a serious administrative burden on the FCA's staff.

34. Section 602.285 is amended by revising paragraph (b) to read as follows:

**§ 602.285 Manner in which testimony is given.**

\* \* \* \* \*

(b) Where, in response to a request, the Chairman determines that circumstances warrant authorizing testimony by an FCA employee, the requesting party shall cause a subpoena to be served on the employee in accordance with applicable Federal or State rules of procedure, with a copy of the subpoena sent by registered mail to the General Counsel.

\* \* \* \* \*

35. Section 602.286 is revised to read as follows:

**§ 602.286 Manner in which documents will be produced.**

(a) An FCA employee's authorization to produce official documents is limited to the authority granted that employee by the Chairman.

(b) Prior to the release of any official documents authorized by the Chairman to be released, the requesting party shall obtain a protective order satisfactory in form to the FCA from the court before which the action is pending to preserve the confidentiality of the documents subsequently produced.

(c) Certified or authenticated copies of official FCA documents authorized by the Chairman to be released under this subpart will be provided upon request.

36. Section 602.288 is amended by revising paragraphs (b) and (c) to read as follows:

**§ 602.288 Responses to demands served on FCA employees.**

\* \* \* \* \*

(b) When authorization to testify or to produce documents has not been granted by the Chairman, FCA counsel shall provide the party issuing the demand or the court with a copy of the regulations contained in this subpart and shall inform the party issuing the demand or the court that the employee upon whom the demand has been made is prohibited from testifying or producing documents without the prior approval of the Chairman.

(c) If the court rules that the demand must be complied with irrespective of instructions from the Chairman not to produce the documents or disclose the information sought, the FCA employee upon whom the demand has been made shall respectfully decline to comply with the demand.

\* \* \* \* \*

37. Section 602.289 is revised to read as follows:

**§ 602.289 Responses to demands served on non-FCA employees or entities.**

(a) FCA reports of examinations or such other reports generated or adopted by the FCA, or any documents related thereto are the property of the FCA and are not to be disclosed to any person without the FCA's consent.

(b) If any person who has possession of an FCA report of examination or such other report generated or adopted by the FCA, or any documents related thereto is served with a demand in a legal proceeding directing that person to produce such FCA documents or to testify with respect thereto, such person shall immediately notify the FCA General Counsel of such service, of the testimony and described documents in the demand, and of all relevant facts. Such person shall also object to the production of such documents or information contained therein on the basis that the documents are the property of the FCA and cannot be released without FCA's consent and that their production must be sought from the FCA following the procedures set forth in § 602.283 (b) and (c) and § 602.286(b) of this part.

**PART 603 -- PRIVACY ACT REGULATIONS**

38. The authority citation for Part 603 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

39. Section 603.300 is amended by revising paragraphs (a) and (b)(1) to read as follows:

**§ 603.300 Purpose and scope.**

(a) This part is published by the Farm Credit Administration pursuant to the Privacy Act of 1974 (Pub. L. 93-579, 5 U.S.C. 552a) which requires each Federal agency to promulgate rules to establish procedures for notification and disclosure to an individual of agency records pertaining to that person, and for review of such records.

(b) \* \* \*

(1) Personnel and employment records maintained by the Farm Credit Administration which are not covered by §§ 293.101 through 293.108 of the regulations of the Office of Personnel Management (5 CFR 293.101 through 293.108), and

\* \* \* \* \*

40. Section 603.305 is revised to read as follows:

**§ 603.305 Definitions.**

For the purposes of this part:

(a) "Agency" means the Farm Credit Administration.

(b) "Individual" means a citizen of the United States or an alien lawfully admitted for permanent residence;

(c) "Maintain" includes maintain, collect, use, or disseminate;

(d) "Record" means any item, collection, or grouping of information about an individual that is maintained by an agency including, but not limited to, that person's education, financial transactions, medical history, and criminal or employment history, and that contains that person's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or photograph;

(e) "Routine use" means, with respect to the disclosure of a record, the use of such record for a purpose that is compatible with the purpose for which it was collected;

(f) "Statistical record" means a record in a system of records maintained for statistical research or reporting purposes only and not used in whole or in part in making any determination about an identifiable individual, except as provided by 13 U.S.C. 8;

(g) "System of records" means a group of any records under the control of any agency from which information is retrieved by the name of an individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

41. Section 603.310 is revised to read as follows:

**§ 603.310 Procedures for requests pertaining to individual records in a record system.**

(a) Any present or former employee of the Farm Credit Administration seeking access to that person's official civil service records maintained by the Farm Credit Administration shall submit a request in such manner as is prescribed by the Office of Personnel Management.

(b) Individuals shall submit their requests in writing to the Privacy Act Officer, Office of Congressional and Public Affairs, Farm Credit Administration, McLean, Virginia 22102-5090, when seeking to obtain from the Farm Credit Administration:

(1) Notification of whether the agency maintains a record pertaining to that person in a system of records;

(2) Notification of whether the agency has disclosed a record for which an accounting of disclosure is required to be maintained and made available to that person;

(3) A copy of a record pertaining to that person or the accounting of its disclosure;

(4) The review of a record pertaining to that person or the accounting of its disclosure. The request shall state the full name and address of the individual, and identify the system or systems of records believed to contain the information or record sought.

42. Section 603.315 is revised to read as follows:

**§ 603.315 Times, places, and requirements for identification of individuals making requests.**

The individual making written requests for information or records ordinarily will not be required to verify that person's identity. The signature upon such requests shall be deemed to be a certification by the requester that he or she is the individual to whom the record pertains, or the parent of a minor, or the duly appointed legal guardian of the individual to whom the record pertains. The Privacy Act Officer, however, may require such additional verification of identity in any instance in which the Privacy Act Officer deems it advisable.

43. Section 603.320 is amended by revising paragraphs (a) introductory text, (a)(3), (b), (c), and (d) to read as follows:

**§ 603.320 Disclosure of requested information to individuals.**

(a) The Privacy Act Officer shall, within a reasonable period of time after the date of receipt of a request for information of records:

\* \* \* \* \*

(3) Notify the requester that fees for reproducing copies of records may be charged as provided in § 603.345 of this part.

(b) If access to a record is denied because the information therein has been compiled by the Farm Credit Administration in reasonable anticipation of a civil or criminal action proceeding, the Privacy Act Officer shall notify the requester of that person's right to judicial appeal under 5 U.S.C. 552a(g).

(c)(1) If access to a record is granted, the requester shall notify the Officer whether the requested record is to be copied and mailed to the requester or whether the record is to be made available for personal inspection.

(2) A requester who is an individual may be accompanied by an individual selected by the requester when the record is disclosed, in which case the requester may be required to furnish a written statement authorizing the discussion of the record in the presence of the accompanying person.

(d) If the record is to be made available for personal inspection, the requester shall arrange with the Privacy Act Officer a mutually agreeable time in the offices of the Farm Credit Administration for inspection of the record.

44. Section 603.325 is revised to read as follows:

**§ 603.325 Special procedures for medical records.**

Medical records in the custody of the Farm Credit Administration which are not subject to Office of Personnel Management regulations shall be disclosed either to the individual to whom they pertain or that person's authorized or legal representative or to a licensed physician named by the individual.

45. Section 603.330 is revised to read as follows:

**§ 603.330 Request for amendment to record.**

(a) If, after disclosure of the requested information, an individual believes that the record is not accurate, relevant, timely, or complete, that person may request in writing that the record be amended. Such a request shall be submitted to the Privacy Act Officer and shall contain identification of the system of records and the record or information therein, a brief description of the material requested to be changed, the requested change or changes, and the reason for such change or changes.

(b) The Privacy Act Officer shall acknowledge receipt of the request within 10 days (excluding Saturdays, Sundays, and legal holidays) and, if a determination has not been made, advise the individual when that person may expect to be advised of action taken on the request. The acknowledgment may contain a request for additional information needed to make a determination.

46. Section 603.335 is amended by revising the introductory text and paragraph (b) to read as follows:

**§ 603.335 Agency review of request for amendment of record.**

Upon receipt of a request for amendment of a record, the Privacy Act Officer shall:

\* \* \* \* \*

(b) Inform the individual in writing of refusal to amend the record and of the reasons therefore, and advise that the individual may appeal such determination as provided in § 603.340 of this part.

47. Section 603.340 is amended by revising paragraphs (a) through (d) to read as follows:

**§ 603.340 Appeal of an initial adverse determination of a request to amend a record.**

(a) Not more than 10 days (excluding Saturdays, Sundays, and legal holidays) after receipt by an individual of an adverse determination on the individual's request to amend a record or otherwise, the individual may appeal to the Director, Office of Administration.

(b) The appeal shall be by letter, mailed or delivered to the Director, Office of Administration, Farm Credit Administration, McLean, Virginia 22102-5090. The letter shall identify the records involved in the same manner they were identified to the Privacy Act Officer, shall specify the dates of the request and adverse determination, and shall indicate the expressed basis for that determination. Also, the letter shall state briefly and succinctly the reasons why the adverse determination should be reversed.

(c) The review shall be completed and a final determination made by the Director not later than 30 days (excluding Saturdays, Sundays, and legal holidays) from receipt of the request for such review, unless the Director extends such 30-day period for good cause. If the 30-day period is extended, the individual shall be notified of the reasons therefore.

(d) If the Director refuses to amend the record in accordance with the request, the individual shall be notified of the right to file a concise statement setting forth that person's disagreement with the final determination and that person's right under 5 U.S.C. 552a(g)(1)(A) to a judicial review of the final determination.

\* \* \* \* \*

**PART 604 -- FARM CREDIT ADMINISTRATION BOARD MEETINGS**

48. The authority citation for Part 604 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

49. The title of Part 604 is revised to read as follows:

**PART 604 -- FARM CREDIT ADMINISTRATION BOARD MEETINGS**

**§ 604.300 [Redesignated as 604.400]**

50. Section 604.300 is redesignated as § 604.400 and revised to read as follows:

**§ 604.400 Definitions.**

For purposes of this part:

(a) "Agency" means the Farm Credit Administration.

(b) "Board" means the Farm Credit Administration Board.

(c) "Exempt meeting" and "exempt portion of a meeting" mean, respectively, a meeting or that part of a meeting designated as provided in § 604.430 of this part as closed to the public by reason of one or more of the exemptive provisions listed in § 604.420 of this part.

(d) "Meeting" means the deliberations of at least two (quorum) members of the Board where such deliberations determine or result in joint conduct or disposition of official Farm Credit Administration business.

(e) "Member" means any one of the members of the Board.

(f) "Open meeting" means a meeting or portion of a meeting which is not an exempt meeting or an exempt portion of a meeting.

(g) "Public observation" means the right of any member of the public to attend and observe, but not participate or interfere in any way in, an open meeting of the Board, within the limits of reasonable and comfortable accommodations made available for such purpose by the Farm Credit Administration.

**§ 604.305 [Redesignated as § 604.405]**

51. Section 604.305 is redesignated as § 604.405 and amended by revising paragraph (b) to read as follows:

**§ 604.405 Notice of public observation.**

\* \* \* \* \*

(b) Notice of intention to exercise the right of public observation may be given in writing, in person, or by telephone to the official designated in § 604.440 of this part.

\* \* \* \* \*

**§ 604.310 [Redesignated]**

52. Section 604.310 is redesignated as § 604.410 and revised to read as follows:

**§ 604.410 Scope of application.**

The provisions of this part apply to meetings of the Board, and do not apply to conferences or other gatherings of employees of the Farm Credit Administration who meet or join with others, except at meetings of the Board, to deliberate official agency business.

**§ 604.315 [Redesignated as § 604.415]**

53. Section 604.415 is redesignated as § 604.315 and revised to read as follows:

**§ 604.415 Open meetings.**

Every meeting and portion of a meeting of the Board shall be open to public observation unless the Board determines that such meeting or portion of a meeting will involve the discussion of matters which are within one or more of the exemptive provisions listed in § 604.420 of this part, and that the public interest is not served by the discussion of such matters in an open meeting.

**§ 604.320 [Redesignated as § 604.420]**

54. Section 604.320 is redesignated as § 604.420 and revised to read as follows:

**§ 604.420 Exemptive provisions.**

Except in a case where the Board determines that the public interest requires otherwise, a meeting or portion of a meeting may be closed to public observation where the Board determines that the meeting or portion of the meeting is likely to:

(a) Disclose matters that are:

(1) Specifically authorized under criteria established by an Executive order to be kept secret in the interests of national defense or foreign policy, and

(2) In fact properly classified pursuant to such Executive order;

(b) Relate solely to the internal personnel rules and practices of the Farm Credit Administration;

(c) Disclose matters specifically exempted from disclosure by statute (other than 5 U.S.C. 552): Provided, That such statute:

(1) Requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or

(2) Establishes particular types of matters to be withheld;

(d) Disclose trade secrets and privileged or confidential commercial or financial information obtained from a person;

(e) Involve accusing any person of a crime, or formally censuring any person;

(f) Disclose information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(g) Disclose investigator records compiled for law enforcement purposes, or information which if written would be contained in such records, but only to the extent that the production of such records or information would:

(1) Interfere with enforcement proceedings;

(2) Deprive a person of a right to a fair trial or an impartial adjudication;

(3) Constitute an unwarranted invasion of personal privacy;

(4) Disclose the identity of a confidential source and, in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source;

(5) Disclose investigative techniques and procedures; or

(6) Endanger the life or physical safety of law enforcement personnel;

(h) Disclose information contained in or related to examination, supervision, operating, or condition reports prepared by, on behalf of, or for the use of the Farm Credit Administration;

(i) Disclose information the premature disclosure of which would:

(1) Significantly endanger the stability of any Farm Credit System institution, including banks, associations, service organizations, or the Capital Corporation; or

(2) Be likely to significantly frustrate implementation of a proposed action of the Farm Credit Administration: Provided, said Administration has not already disclosed to the public the content or nature of its proposed action, or is not required by law to make such disclosure on its own initiative prior to taking final action on such proposal; or

(j) Specifically concern participation by the Farm Credit Administration in a civil action or proceeding otherwise involving a determination on the record before an opportunity for a hearing.

**§ 604.325 [Redesignated as § 604.425]**

55. Section 604.325 is redesignated as § 604.425 and amended by revising paragraphs (a) and (c) to read as follows:

**§ 604.425 Announcement of meetings.**

(a) The Board meets in the offices of the Farm Credit Administration, McLean, Virginia 22102-5090, on the first Tuesday of each month.

\* \* \* \* \*

(c) At the earliest practicable time, which is estimated to be not later than 8 days before the beginning of a meeting of the Board, the Farm Credit Administration shall make available for public inspection by posting notice on its public notice board in its offices, or pursuant to telephonic or written requests, the time, place, and subject matter of the meeting except to the extent that such information is exempt from disclosure under the provisions of § 604.420 of this part.

**§ 604.330 [Redesignated as § 604.430]**

56. Section 604.330 is redesignated as § 604.430 and amended by revising paragraphs (a) and (c) to read as follows:

**§ 604.430 Closure of meetings.**

(a) A majority of the meetings or portions of a majority of the meetings of the board are exempt by reason of § 604.420 (d), (h), (i)(1), or (j) of this part. An exempt meeting or an exempt portion of a meeting shall be closed to the public when at least two members of the Board vote by a recorded vote of the Board at the beginning of the exempt meeting or exempt portion of a meeting to close such meeting or such exempt portion, and the General Counsel, Farm Credit Administration, publicly certifies that, in his or her opinion, the meeting or portion of the meeting may be closed to the public stating each relevant exemptive provision listed in § 604.420 of this part.

\* \* \* \* \*

(c) A copy of the certification of the General Counsel, together with a statement from the presiding officer of the meeting setting forth the time and place of an exempt meeting or an exempt portion of a meeting which was closed and the persons present, shall be retained by the Farm Credit Administration for a period of at least 2 years after the date of such closed meeting or closed portion of a meeting.

**§ 604.335 [Redesignated as § 604.435]**

57. Section 604.335 is redesignated as § 604.435 and amended by revising paragraphs (a), (c), (d), and (e) to read as follows:

**§ 604.435 Record of closed meetings or closed portion of a meeting.**

(a) The Farm Credit Administration shall maintain a complete transcript or electronic recording adequate to record fully the proceedings of each closed meeting or closed portion of a meeting, except that in the case of a meeting or portion of a meeting closed to the public pursuant to § 604.420 (d), (h), (i)(1), or (j) of this part, the Farm Credit Administration shall maintain either such transcript, recording, or a set of minutes.

\* \* \* \* \*

(c) The Farm Credit Administration shall promptly make available to the public, in its offices, the transcript, electronic recording, or minutes, of the discussion of any item on the agenda of a closed meeting, or closed portion of a meeting, except for such item or items of discussion which the Farm Credit Administration determines to contain information which may be withheld under § 604.420 of this part. Copies of such transcript or minutes, or a transcription of such recording disclosing the identity of each speaker, shall be furnished to any person at the actual cost of duplication or transcription.

(d) The Farm Credit Administration shall maintain a complete verbatim copy of the transcript, a complete copy of the minutes, or a complete electronic recording of each closed meeting or closed portion of a meeting for a period of 2 years after the date of such closed meeting or closed portion of a meeting.

(e) All actions required or permitted by this section to be undertaken by the Farm Credit Administration shall be by or under the authority of the Director, Office of Administration.

**§ 604.340 [Redesignated as § 604.440]**

58. Section 604.340 is redesignated as § 604.440 and revised to read as follows:

**§ 604.440 Requests for information.**

Requests to the Farm Credit Administration for information about the time, place, and subject matter of a meeting, whether it or any portion thereof is closed to the public, and any requests for copies of the transcript or minutes, or of a transcript of an electronic recording of a closed meeting, or closed portion of a meeting, to the extent not exempt from disclosure by the provisions of § 604.420 of this part, shall be addressed to the Director, Office of Administration, Farm Credit Administration, McLean, Virginia 22102-5090.

**PART 611 -- ORGANIZATION**

59. The authority citation for Part 611 is revised to read as follows:

**Authority:** 12 U.S.C. §§ 2031, 2091, 2182, 2183, 2216-2216k, 2243, 2244, 2250, 2252.

**Subpart A -- Introduction**

60. Section 611.100 is revised to read as follows:

**§ 611.100 The Farm Credit Act.**

The Farm Credit Act of 1971, Pub. L. 92-181, approved December 10, 1971, recodified and replaced the prior laws under which the Farm Credit Administration and the institutions of the Farm Credit System were organized and operated. The prior laws, which were repealed and superseded by the 1971 Act, are identified in section 5.40(a) of the Act. Section 5.40(b) retained the effectiveness of the existing regulations of the Farm Credit Administration and the Farm Credit System, the institutions' charters, bylaws, resolutions, stock classifications, policies, and elections until superseded, modified, or replaced under the authority of the Act. The Farm Credit Act Amendments of 1980, Pub. L. 96-592, amended the Farm Credit Act of 1971, effective December 24, 1980. The Farm Credit Amendments Act of 1985, Pub. L. 99-205, amended the Farm Credit Act of 1971, effective December 23, 1985. All references to "the Act" in this part shall be deemed to be references to the Farm Credit Act of 1971, as amended. All obligations and contracts under the prior laws remain enforceable unless and until modified by the Act.

**Subparts B and C -- [Reserved]**

61. Subpart B consisting of § 611.200 and Subpart C are removed and reserved.

**Subpart D -- The Farm Credit System**

62. Section 611.400 is amended by revising paragraph (a) to read as follows:

**§ 611.400 System organization.**

(a) The Farm Credit System includes the Federal land banks, the Federal land bank associations, the Federal intermediate credit banks, the production credit associations, the banks for cooperatives, service corporations authorized by section 4.25 of the Act, unincorporated service organizations formed pursuant to agreements authorized by 5.6(a)(5) of the Act, and the Farm Credit System Capital Corporation. Each institution is chartered by the Farm Credit Administration. Each of the banks, associations, service corporations, and the Capital Corporation is an instrumentality of the United States, created to carry out the congressional policy and objectives of the Act. These institutions are subject to the examination, supervision, and regulation of the Farm Credit Administration. Each bank has immediate supervisory responsibility over its respective associations in its district. The banks which are stockholders of a service corporation have, through their boards of directors, immediate supervisory responsibility over the service corporation.

\* \* \* \* \*

**Subpart E -- Farm Credit Districts**

63. Subpart E consisting of § 611.500 is revised to read as follows:

**§ 611.500 District territories.**

The United States is divided into 12 Farm Credit districts. The designation and territory comprising each district are as follows:

District No. District name Territory

1 Springfield Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey.

2 Baltimore Pennsylvania, Delaware, Maryland, Virginia, West Virginia, District of Columbia, Puerto Rico.

3 Columbia North Carolina, South Carolina, Georgia, Florida.

4 Louisville Ohio, Indiana, Kentucky, Tennessee.

5 Jackson Alabama, Mississippi, Louisiana.

6 St. Louis Illinois, Missouri, Arkansas.

7 St. Paul Michigan, Wisconsin, Minnesota, North Dakota.

8 Omaha Iowa, Nebraska, South Dakota, Wyoming.

9 Wichita Oklahoma, Kansas, Colorado, New Mexico.

10 Texas Texas.

11 Sacramento California, Nevada, Utah, Arizona, Hawaii.

12 Spokane Washington, Oregon, Montana, Idaho, Alaska.

**Subpart F -- General Rules for the Districts**

64. Section 611.1000 is revised to read as follows:

**§ 611.1000 Organization -- district boards of directors.**

(a) Each Farm Credit district shall have a district board of directors composed of seven members, nominated and elected as provided in section 5.2 of the Act. Limitations on the eligibility and term of office on the district board are specified in section 5.1 of the Act. The district board may adopt additional eligibility requirements, such as an age limitation of a number of successive terms for which a director will be eligible to serve. The members of each Farm Credit district board of directors shall operate as a single policymaking board. They also serve as the boards of directors of the Federal land bank, the Federal intermediate credit bank, and the bank for cooperatives in their respective districts. In neither capacity may board members engage in management functions. Whether acting as the board of directors for the district or ex officio as the boards for the district banks, they are responsible for coordinating the policies and functions of the banks and associations so that they complement the other institutions in the district.

(b) As provided in section 3.2 of the Act, the Central Bank for Cooperatives has a separate board of directors of not more than 13 members, one elected by each district board and a member-at-large appointed by the Farm Credit Administration. The powers, duties, responsibilities, and limitations of the Central Bank board are comparable to those of the district board acting ex officio as the board of directors of the district bank for cooperatives. In interpreting these regulations, the terms "district board" and "bank board" shall also be read to mean the Central Bank board, and the terms "board member," "district board member" and "bank board member," or "director" shall also be read to mean Central Bank board member. The principal purpose of the Central Bank is to participate in loans with the district banks for cooperatives.

65. Section 611.1010 is amended by revising paragraph (i) to read as follows:

**§ 611.1010 Powers, duties, and responsibilities.**

\* \* \* \* \*

(i) Consider recommendations made in examination reports and take appropriate corrective actions, as determined by the board or as required by the Farm Credit Administration. If the district board fails to implement the corrective actions required by the Farm Credit Administration, the Farm Credit Administration may direct action as it deems appropriate to enforce compliance, including undertaking an enforcement action as provided in Part C, Title V, of the Act, or taking such other action as the Farm Credit Administration is permitted by law to undertake.

\* \* \* \* \*

**Subpart G -- Mergers, Consolidations, and Charter Amendments of Associations**

66. Section 611.1120 is amended by revising paragraphs (b) and (c) to read as follows:

**§ 611.1120 General authority.**

\* \* \* \* \*

(b) The Farm Credit Administration may make changes in the charter of an association as may be requested by that association and approved by the Farm Credit Administration pursuant to § 611.1121 of this part.

(c) The Farm Credit Administration may, by order of the Chairman and on its own initiative, make changes in the charter of a Federal land bank association or a production credit association where the Chairman determines that the change is necessary for the accomplishment of the purposes of the Act.

**Subpart H -- Rules for Inter-System Fund Transfers**

67. Section 611.1130 is amended by revising paragraph (d) to read as follows:

**§ 611.1130 Inter-System transfer of funds and equities.**

\* \* \* \* \*

(d) A direction by the FCA for a transfer of funds or equities pursuant to this section shall be signed by the Chairman and shall establish the amount, timing, duration, repayment, and other terms of assessments necessary to accomplish such transfer, taking into consideration the financial condition of each institution to be assessed. Where the FCA directs a transfer of funds or equities between associations under paragraph (c) (1) or (2) of this section, it may authorize the district bank in which such associations are stockholder to accomplish the necessary assessments through debits and credits to the accounts of the bank.

**Subpart I -- Service Organizations**

68. Section 611.1135 is amended by revising paragraphs (a), (b)(2), (b)(7), (c), (d)(1) introductory text, (d)(1)(iv), (d)(2), and (e) to read as follows:

**§ 611.1135 Incorporation of service organizations.**

(a) General. Any Farm Credit bank(s) may organize a corporation to perform, for or on behalf of the bank(s), any function or service that the bank(s) is authorized to perform under the Act and the regulations, except extending credit and providing the sale of insurance services. The bank(s) wishing to organize such a corporation shall submit an application to the Farm Credit Administration according to the application requirements of paragraph (b) of this section. If the proposal meets the requirements of the Act, the regulations, and any other conditions which the Chairman may impose, the Chairman may issue a charter for the service corporation making it a federally chartered instrumentality of the United States. Such service corporation shall be subject to examination, supervision, and by the Farm Credit Administration. Only Farm Credit banks are eligible to become stockholders in such a corporation. Each bank shall be eligible to become a stockholder of each service corporation organized under this section.

(b) \* \* \*

(2) A request signed by the president(s) of the organizing bank(s) to the Chairman of the Farm Credit Administration to issue a charter, supported by a detailed statement demonstrating the need and the justification for the proposed entity.

\* \* \* \* \*

(7) Any other supporting documentation as may be requested by the Chairman of the Farm Credit Administration.

(c) Approval. The Chairman may condition the issuance of a charter as he deems appropriate and for good cause may deny the application. Upon approval by the Chairman of a completed application, which shall be kept on file at the Farm Credit Administration, the Chairman shall issue a charter for the service corporation which shall thereupon become a corporate body and a Federal instrumentality.

(d) \* \* \*

(1) The board of directors of the corporation may request that the Chairman amend the articles of incorporation by sending with its request a certified resolution of the board of directors of the service corporation and stating:

\* \* \* \* \*

(iv) That the requisite shareholder approval has been obtained. The request shall be subject to the approval of the Chairman as stated in paragraphs (a) and (c) of this section.

(2) The Chairman may at any time make any and all changes in the articles of incorporation of a service corporation that he deems necessary and appropriate for the accomplishment of the purposes of the Act.

(e) Amendment of bylaws. Amendments of the bylaws of a service corporation shall require prior approval of the Chairman.

**Subpart L -- Liquidation of Associations**

69. Section 611.1168 is revised to read as follows:

**§ 611.1168 Final discharge and release of receiver.**

The association shall continue as an association chartered in accordance with the Act until such time as the liquidation has been completed and the charter of the association has been canceled by the Chairman of the Farm Credit Administration. When the receiver recommends final distribution of assets or is otherwise relieved of its duties by the Farm Credit Administration, the receiver shall file with the Farm Credit Administration a detailed report in a form satisfactory to the Farm Credit Administration. Upon final liquidation of the receivership or when the receiver completes or is otherwise relieved of its duties, the receivership shall be examined and audited pursuant to § 617.7090 of this chapter. The receiver's accounts shall thereupon be approved or disapproved, and if approved, the receiver shall thereby be completely and finally released. The records of the receivership shall be stored and maintained in the manner directed by the Farm Credit Administration.

**Subpart M -- Liquidation of Banks**

70. Section 611.1174 is amended by revising paragraphs (c) and (d)(5) to read as follows:

**§ 611.1174 Creditor's claims and priority of claims.**

\* \* \* \* \*

(c) Except for any consolidated or Systemwide bonds issued on behalf of a bank which are assumed by one or more other banks of the System, when a bank is placed in receivership the Chairman shall assign such bank's primary liability (as that term is used in 12 U.S.C. 2155(a)) on bonds to the other banks of the System in accordance with 12 U.S.C. 2155(a) as of the date of the appointment of the receiver. Upon such assignment, the assignee banks shall acquire rights to and title in such assets of the bank as shall be eligible and available as collateral under 12 U.S.C. 2154(b) up to an aggregate value equal to the total amount of the bonds so assigned, with priority of claims as provided in paragraph (d) of this section.

(d) \* \* \*

(5) All claims of holders of consolidated and Systemwide bonds and claims of the other banks of the System related to assignments made by the Chairman under paragraph (c) of this section.

\* \* \* \* \*

71. Section 611.1176 is revised to read as follows:

**§ 611.1176 Final discharge and release of receiver.**

The bank in receivership shall continue as a bank chartered in accordance with the Act until such time as the liquidation has been completed and the charter of the bank has been canceled by the Chairman of the Farm Credit Administration. When the receiver recommends final distribution of assets or is otherwise relieved of its duties by the Farm Credit Administration, the receiver shall file a detailed report with, and in a form satisfactory to, the Farm Credit Administration. Unless the Farm Credit Administration otherwise directs, upon final liquidation of the receivership or when the receiver completes or is otherwise relieved of its duties, the receivership shall be examined and audited pursuant to § 617.7090 of this chapter. The receiver's accounts shall thereupon be approved or disapproved, and if approved, the receiver shall thereby be completely and finally released. The records of the receivership shall be stored and maintained in the manner directed by the Farm Credit Administration.

**PART 612 -- PERSONNEL ADMINISTRATION**

72. The authority citation for Part 612 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

**Subpart B -- Standards of Conduct for Directors, Officers, and Employees**

73. Section 612.2130 is amended by revising paragraphs (p) and (t) to read as follows:

**§ 612.2130 Definitions.**

\* \* \* \* \*

(p) "Service organization" means the Farm Credit System Capital Corporation, Federal Farm Credit Banks Funding Corporation, each service organization authorized by section 4.25 of the Act, and each unincorporated service organization formed pursuant to agreements authorized by section 5.6(a) of the Act.

\* \* \* \* \*

(t) "System institution" and "institution" mean any bank, association, or service organization in the Farm Credit System, including the Federal land banks, Federal intermediate credit banks, banks for cooperatives, Central Bank for Cooperatives, Federal land bank associations, production credit associations, the Farm Credit System Capital Corporation, the Federal Farm Credit Banks Funding Corporation, and other service organizations.

74. Section 612.2150 is amended by revising paragraph (c) introductory text to read as follows:

**§ 612.2150 Employees -- prohibited acts.**

\* \* \* \* \*

(c) Except to the extent permitted under bank, Capital Corporation, or service organization policies and procedures which have been approved by the Farm Credit Administration pursuant to § 612.2160 of this part, an employee of a System institution:

\* \* \* \* \*

75. Section 612.2200 is amended by revising the title and paragraph (a) to read as follows:

**§ 612.2200 Soliciting support in election polls for association or district board membership.**

(a) No employee or agent of a System institution shall take any part, directly or indirectly, in the nomination or election of members of a district, association, or service organization board, or make any statement, either orally or in writing, which may be construed as intended to influence any vote in such designations, nominations, or elections. These provisions shall not prohibit employees or agents from providing biographical and other information or engaging in other activities pursuant to the district policies and procedures for nominations and elections. This paragraph does not affect the right of an employee or agent to nominate or vote for directors of an institution in which the employee or agent is a voting member.

\* \* \* \* \*

76. Section 612.2220 is revised to read as follows:

**§ 612.2220 Political activity.**

(a) No officer or employee of a System institution shall hold public office or be a candidate for such office unless the employing institution has, after investigation and consideration of all facts involved, determined in writing that such candidacy or holding of public office would not bring justified criticism on the grounds of political activities or partialities or in any other manner adversely affect the best interests of the institution or the System. All determinations made hereunder shall be reported to the board of directors of the institution concerned.

(b) No employee shall take an active part or issue public statements relating to the nomination or candidacy of any person or participate in partisan political campaigns for national or statewide elective office, in any way that would implicate by support, endorsement, or otherwise, the employee's connection with the System institution. This statement shall not be construed to prohibit an employee from expressing personal opinions on political affairs or candidates or making voluntary campaign contributions.

**PART 613 -- ELIGIBILITY AND SCOPE OF FINANCING**

77. The authority citation for Part 613 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

**Subpart E -- Nondiscrimination in Lending**

78. Section 613.3170 is amended by revising paragraph (b) to read as follows:

**§ 613.3170 Equal housing lender poster.**

\* \* \* \* \*

(b) The poster shall be at least 11 by 14 inches in size, and shall bear the logotype and legend set forth in § 613.3160(b) of this part and the following text:

WE DO BUSINESS IN ACCORDANCE WITH THE FEDERAL FAIR HOUSING LAW (TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968) IT IS ILLEGAL, BECAUSE OF RACE, COLOR, RELIGION, SEX, OR NATIONAL ORIGIN TO:

-- Deny a loan for the purpose of purchasing, constructing, improving, repairing or maintaining a dwelling or

-- Discriminate in fixing the amount, interest rate, duration, application procedures, or other terms or conditions of such a loan.

IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED AGAINST UNDER THIS LAW, YOU MAY SEND A COMPLAINT TO:

Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, Washington, DC 20410

or

Farm Credit Administration, McLean, VA 22102-5090

WE ALSO DO BUSINESS IN ACCORDANCE WITH THE EQUAL CREDIT OPPORTUNITY ACT

IT IS ILLEGAL TO DISCRIMINATE IN EXTENDING CREDIT:

-- On the basis of race, color, religion, national origin, sex, marital status, or age (providing applicant has legal capacity to enter a binding contract)

-- Because income is from public assistance

-- Because a right was exercised under the Consumer Credit Protection Act

IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED AGAINST UNDER THIS LAW YOU MAY SEND A COMPLAINT TO THE FARM CREDIT ADMINISTRATION AT THE ABOVE ADDRESS.

**PART 614 -- LOAN POLICIES AND OPERATIONS**

79. The authority citation for Part 614 is revised to read as follows:

**Authority:** 12 U.S.C. 2183, 2199, 2202, 2243, 2244, 2252(a)(10).

**§§ 614.4010, 614.4015, and 614.4020 [Removed]**

**Subpart A -- General**

80. Sections 614.4010, 614.4015, and 614.4020 are removed.

**Subpart F -- Security Requirements**

81. Section 614.4260 is amended by revising paragraph (c)(5) to read as follows:

**§ 614.4260 Banks for cooperatives.**

\* \* \* \* \*

(c) \* \* \*

(5) Documents required in conjunction with these loans may be held by a custodian selected by the bank. In such cases the bank shall provide the custodian written instructions outlining procedures and practices to be followed in the acceptance, handling, and release of all related documents. The custodian shall be adequately bonded. The bank shall provide for periodic review of custodial activities by bank officials and shall establish that activities of the custodian are subject to review and examination by the Farm Credit Administration.

**Subpart M -- Loan Approval Requirements**

82. Section 614.4450 is revised to read as follows:

**§ 614.4450 General requirements.**

Authority for loan approval is vested in the Farm Credit banks and associations.

83. Section 614.4460 is amended by revising paragraphs (a), (c), and (d) to read as follows:

**§ 614.4460 Loan approval responsibility.**

\* \* \* \* \*

(a) Loans to a member of the Farm Credit Administration Board.

\* \* \* \* \*

(c) Loans to a cooperative of which a member of the district bank or Central Bank board of directors is a member of the board of directors, an officer, or employee.

(d) Loans to the president of a Farm Credit bank.

\* \* \* \* \*

**Subpart P -- Federal Intermediate Credit Bank Financing of Other Financing Institutions**

84. Section 614.4590 is revised to read as follows:

**§ 614.4590 General financing agreement.**

An OFI desiring to access a Federal intermediate credit bank shall execute a general financing agreement. The agreement shall state the general terms and conditions under which loans will be discounted or made or credit otherwise extended and shall provide for the OFI to periodically furnish the bank acceptable financial reports and any data necessary to assure that the OFI remains in compliance with these regulations. The agreement shall further provide that the OFI, other than a State bank, trust company, or savings association, agrees, to examination by the Farm Credit Administration if such examination is requested by the Chairman. With respect to an OFI which is a State bank, trust company, or savings association, the agreement shall provide that such OFI, at the request of the Chairman, consents that reports of its examination by constituted State authorities may be furnished by such authorities to the Farm Credit Administration.

**Subpart Q -- Banks for Cooperatives Financing International Trade**

85. Section 614.4710 is amended by revising the introductory text, paragraphs (a)(1) introductory text, (a)(1)(ii), (a)(2), (a)(3), (a)(4), (d)(1), (d)(2), and (e) to read as follows:

**§ 614.4710 Bankers acceptance financing.**

The Federal Farm Credit Banks Funding Corporation (Funding Corporation) is authorized to accept drafts or bills of exchange drawn upon banks for cooperatives. With the exception of acceptances eligible for purchase by the Federal Reserve banks under the direction and regulation of the Federal Open Market Committee and rediscounted, acceptances shall be subject to the provisions of §§ 614.4350, 614.4354, and 614.4360 of this part and must be combined with any other loans to the account party by the banks for cooperatives for the purpose of applying the lending limits of § 614.4354 of this part.

(a) \* \* \*

(1) The Funding Corporation's authority to accept drafts or bills of exchange drawn upon a district bank for cooperatives having not more than 6 months' sight to run, exclusive of days of grace, that are derived from transactions involving the importation or exportation of agricultural commodities, farm supplies, or aquatic products from the United States; or are derived from transactions involving the domestic shipment of goods that were produced from agriculture or commercial fishing or that have an agriculturally or aquatically related purpose; or are secured at the time of acceptance by totally covering readily marketable staples.

\* \* \* \* \*

(ii) The sum of all acceptance liabilities outstanding described in paragraph (a)(1) of this section, exclusive of participations sold to others, issued to all borrowers shall not exceed 100 percent of the bank for cooperatives' net worth but the aggregate of acceptances growing out of domestic transactions shall not exceed 50 percent or net worth calculated on the date indicated in paragraph (a)(1)(i) of this section.

(2) The limit specified in paragraph (a)(1)(i) of this section is separate from and in addition to the lending limits of § 614.4354 of this part if the acceptances are rediscounted.

(3) During any period within which a bank for cooperatives holds its own acceptance, having given value therefore, the amount thereof shall be included against the lending limits set forth in § 614.4354 of this part of the customer for whom the acceptance was made.

(4) The terms and requirements for the offering and purchase of participations in acceptance financing shall be the same as those for loans issued under § 614.4334 of this part.

\* \* \* \* \*

(d) \* \* \*

(1) A district bank for cooperatives shall determine limits on purchasing participations in discounted acceptances of another bank for cooperatives on the same basis as prescribed in § 614.4354 of this part for purchasing participations in loans of another bank for cooperatives.

(2) Participations in discounted acceptances shall be offered in accordance with § 614.4334 of this part.

(e) Funding Corporation. All acceptances created by the 13 banks for cooperatives shall be physically accepted by the Funding Corporation when intended for rediscount.

86. Section 614.4900 is amended by revising paragraph (i) to read as follows:

**§ 614.4900 Foreign exchange.**

\* \* \* \* \*

(i) The 13 banks for cooperatives shall use the Federal Farm Credit Banks Funding Corporation (Funding Corporation) for purposes of trading foreign exchange. All foreign exchange transactions shall be made by the Funding Corporation on behalf of the banks consistent with instructions received from the respective bank.

\* \* \* \* \*

**PART 615 -- FUNDING AND FISCAL AFFAIRS**

87. The authority citation for Part 615 is revised to read as follows:

**Authority:** 12 U.S.C. 2154, 2243, 2252.

**Subpart J -- Prescription, Subscription, and Retirement of Stock**

88. Section 615.5250 is amended by revising paragraph (b) to read as follows:

**§ 615.5250 Responsibility.**

\* \* \* \* \*

(b) The Chairman shall prescribe the initial amount of authorized capital stock for a newly chartered production credit association.

**Subpart O -- Issuance of Farm Credit Securities**

89. Section 615.5453 is revised to read as follows:

**§ 615.5453 Definitive bonds.**

Consolidated and consolidated Systemwide bonds and discount notes may be issued in definitive form as determined to be appropriate by the Finance Committees or their subcommittees and as approved by the Chairman of the Farm Credit Administration.

90. Section 615.5495 is amended by revising paragraph (b) to read as follows:

**§ 615.5495 Lost, stolen, destroyed, mutilated or defaced Farm Credit securities, including coupons.**

\* \* \* \* \*

(b) Applicants for relief under paragraph (a) of this section, shall present claims and proof of loss (1) to the Claims Branch of the Securities Operations Division, Bureau of Public Debt, Department of the Treasury, Washington, DC 20226 in the case of consolidated or Systemwide obligations of the Farm Credit banks issued prior to May 1, 1978, or (2) to the Federal Farm Credit Banks Funding Corporation, 90 William Street, New York, NY 10038, in the case of consolidated or Systemwide obligations issued on or after May 1, 1978.

**PART 617 -- EXAMINATIONS AND INVESTIGATIONS**

91. The authority citation for Part 617 is revised to read as follows:

**Authority:** 12 U.S.C. 2243, 2252.

92. The title of Part 617 is revised to read as follows:

**PART 617 -- EXAMINATIONS AND INVESTIGATIONS**

93. The title of Subpart A is revised to read as follows:

**Subpart A -- Examinations**

94. Section 617.7000 is revised to read as follows:

**§ 617.7000 Farm Credit System institutions.**

The Farm Credit Administration is required by § 5.19 of the Act to examine each System institution, including banks, associations, incorporated and unincorporated service organizations, and the Capital Corporation, and each of its agents, at such times as the Chairman may determine, but not less frequently than once each year. Such examinations shall be under the direction of the Chief Examiner of the Farm Credit Administration.

95. Section 617.7020 is revised to read as follows:

**§ 617.7020 Other financing institutions.**

(a) As a condition precedent to securing discount privileges with a bank of the Farm Credit System, any organization other than State banks, trust companies, and savings associations shall file with such bank its written consent to examination by the Farm Credit Administration pursuant to § 5.21 of the Act. Such organizations shall also agree to furnish the bank, the Farm Credit Administration, or any Farm Credit examiner, at any time upon call, full and current information regarding its financial conditions and operations.

(b) State banks, trust companies, and savings associations shall be required in like manner to file a written consent that reports of their examination by constituted state authorities may be furnished by such authorities upon the request of the Farm Credit Administration.

96. Section 617.7030 is revised to read as follows:

**§ 617.7030 Farm Credit Administration examiners' responsibilities.**

(a) Examinations and investigations shall be made by Farm Credit Administration examiners appointed by the Chairman. Such examinations and investigations shall be under the direction of the Chief Examiner. Their responsibilities are to be discharged in the interest of carrying out the Act and in the interest of the investing public, stockholders, and directors and employees of the System. Examiners shall have full authority to inquire into any and all matters which affect or may affect the interests of the Farm Credit Administration or any institution in the Farm Credit System. Such matters include, but are not limited to, the financial affairs, transactions, and condition of such institutions; effectiveness of management in all aspects of the operations of such institutions; compliance with all laws applicable, all regulations and procedures issued by the Farm Credit Administration and all institutions of the System, and all generally accepted business, management, credit, and accounting principles and standards as applicable to the operations of such institutions.

(b) To facilitate such inquiries, examiners are empowered to examine any documents and records in the custody of any Farm Credit institution; to take custody of such documents and records upon issuance of a receipt to the institution; to examine, with permission of the owner or custodian if needed, any other documents or records, wherever located, which may be pertinent to such inquiries; to interview any employee, borrower, or other person regarding any matters pertinent to such inquiries; to obtain signed or sworn statements and administer oaths; and to make personal observations of any physical conditions pertinent to such inquiries. Examiners are not authorized to issue to any person an order or instruction to perform or not to perform any action.

**§§ 617.7050 and 617.7060 [Removed]**

97. Sections 617.7050 and 617.7060 are removed.

98. Section 617.7070 is amended by revising the introductory text and paragraph (a) to read as follows:

**§ 617.7070 Coverage.**

Examination of Farm Credit System institutions, and their agents, shall include but not be limited to the following:

(a) Examination of the books, accounts, financial records, files, and other papers.

\* \* \* \* \*

99. Section 617.7080 is revised to read as follows:

**§ 617.7080 Reports.**

(a) The results of Farm Credit Administration examinations of banks, associations, service organizations, and the Capital Corporation shall be reported to the respective boards of directors at meetings which shall include an executive session with the board. Reports of examinations of associations shall also be submitted to the supervising bank for review and appropriate action.

(b) Reports of examinations are the property of the Farm Credit Administration and are furnished to the institution examined for its confidential use and may be disclosed only with the consent of the Chairman of the Farm Credit Administration. Consent is given for disclosing reports of regular examinations to the banks and associations involved or interested, but such disclosure of reports of special examinations shall be only by action or consent of the Chairman in each instance. Information needed for filing claims with surety companies, for establishing lines of credit, and for maintaining relations with other financial institutions may be extracted from such reports without further consent.

(c) Consent is given for disclosing reports of regular examinations to authorized representatives of the Farm Credit Administration and, when requested for confidential use in official investigations, to agents of the Federal Bureau of Investigation, Department of Justice; the Bureau of the Chief Postal Inspector, United States Postal Service; the Secret Service; the Internal Revenue Service; and the Office of Inspector General, United States Department of Agriculture.

(d) Reports of investigations are the property of the Farm Credit Administration. When such reports are furnished to concerned institutions for their confidential use, further disclosure of the reports shall be only by consent of the Chairman.

**Subpart B -- Investigations -- Personnel**

**§ 617.7100 [Removed]**

100. Section 617.7100 is removed.

**PART 618 -- GENERAL PROVISIONS**

101. The authority citation for Part 618 is revised to read as follows:

**Authority:** 12 U.S.C. 2183, 2243, 2244, 2252.

**Subpart D -- Procedures and Guidelines**

102. Section 618.8100 is amended by revising the introductory text to read as follows:

**§ 618.8100 Farm Credit Administration.**

The Farm Credit Administration shall issue procedures and guidelines as necessary from time to time to facilitate carrying out requirements of the law and regulations. System institutions shall comply with such procedures and guidelines. These procedures will include but are not limited to the following:

\* \* \* \* \*

**Subpart E -- Nomination and Election of Directors**

**§ 618.8150 [Removed]**

103. Section 618.8150 is removed.

104. Section 618.8160 is amended by revising paragraphs (a) and (b) to read as follows:

**§ 618.8160 District boards of directors.**

(a) Polls for the nomination and election of district board directors shall be conducted by the election officer of the Farm Credit Administration appointed by the Chairman. The results of all such polls shall be certified by the Chief Examiner.

(b) Information pertaining to the results of any poll shall not be disclosed before the poll has closed, the voting results have been certified, and official announcement has been made by the Chairman, except that notification of the number of votes received by each nominee or candidate in a poll may be made to the nominees or candidates by the election officer. Information regarding voting by individual associations shall not be disclosed at any time.

\* \* \* \* \*

**Subpart F -- Miscellaneous Provisions**

**§ 618.8200 [Removed]**

105. Section 618.8200 is removed.

**Subpart G -- Releasing Information**

106. Section 618.8340 is amended by revising paragraph (c) to read as follows:

**§ 618.8340 Information regarding personnel.**

\* \* \* \* \*

(c) For use by their respective groups of associations and cooperatives in nominating and electing members of a district board, the banks may release lists of directors of their associations, and a bank for cooperatives may release lists of the cooperatives that hold stock in it.

\* \* \* \* \*

**§ 618.8350 [Removed]**

107. Section 618.8350 is removed.

**Subpart I -- Federal Records**

108. Section 618.8400 is revised to read as follows:

**§ 618.8400 National Archives and Records Administration regulations.**

The National Archives and Records Administration is the Federal agency responsible for promulgating rules and regulations governing the management and disposal of Federal records. Farm Credit Administration personnel shall manage and dispose of Federal records generated by or otherwise in possession of the Farm Credit Administration in accordance with such rules and regulations.

109. Section 618.8410 is revised to read as follows:

**§ 618.8410 Transfers to Federal Records Center.**

Any bank or office of joint services that wishes to be relieved of the custody of Federal records, but cannot do so either because authority to destroy or microfilm them has not been obtained or because the retention periods approved by National Archives and the Congress require that the records be held either permanently or for further periods of time, may request the Farm Credit Administration to arrange with the National Archives and Records Administration to have such records transferred to a regional Federal Records Center.

**Frank W. Naylor, Jr.,**

Chairman, Farm Credit Administration.

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