Environmental Evaluation

It has been determined by an environmental evaluation that this action will not have a significant impact on the quality of the human environment. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Executive Order 12778

This final rule has been reviewed in accordance with Executive Order 12778. The provisions of the final rule do not preempt State laws, are not retroactive, and do not involve administrative appeals.

Executive Order 12372

This program/activity is not subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. See notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115 (June 24, 1983).

Paperwork Reduction Act

The amendments to 7 CFR part 1443 set forth in this final rule do not contain information collections that require clearance by the Office of Management and Budget under the provisions of 44 U.S.C. 35.

Background

This final rule removes 7 CFR part 1443 pertaining to the cottonseed purchase program. The cottonseed purchase program has not been in effect since 1969 and the regulations are obsolete.

List of Subjects in 7 CFR Part 1443

Cottonseed, Price support and purchase programs, Cotton ginners, Reporting and recordkeeping requirements, Warehouses.

Accordingly, under the authority of 7 U.S.C. 2202 and 7 CFR 2.65 (a)(14), 7 CFR part 1443 is removed:

Signed at Washington, DC, on September 28, 1995.

Bruce R. Weber,

Acting Executive Vice President, Commodity Credit Corporation.

[FR Doc. 95–24625 Filed 10–3–95; 8:45 am] BILLING CODE 3410–05–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Organization and Operations of Federal Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule

SUMMARY: Currently, NCUA Rules and Regulations prohibit officials and certain employees of federally insured credit unions from receiving either incentive pay or outside compensation for certain activities related to credit union lending. To reduce regulatory burden, the NCUA Board is amending the regulations to give member-elected credit union boards more flexibility to determine compensation policies, including the use of incentive pay. **EFFECTIVE DATE:** October 4, 1995. ADDRESSES: National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314–3428. FOR FURTHER INFORMATION CONTACT: Lisa Henderson, Staff Attorney, (703) 518-6561, at the above address.

SUPPLEMENTARY INFORMATION:

Background

Section 701.21(c)(8) of the NCUA Rules and Regulations, 12 CFR 701.21(c)(8), prohibits federal credit unions from making a loan if, either directly or indirectly, any commission, fee, or other compensation is to be received by the credit union's directors, committee members, senior management employees, loan officers, or any immediate family members of such individuals, in connection with underwriting, insuring, servicing, or collecting the loan. However, noncommission salary may be paid to employees. As a condition of federal insurance pursuant to § 741.3(a) of the Regulations, 12 CFR 741.3(a), the prohibition applies to federally insured state-chartered credit unions. As a consequence of the regulation, federally insured credit unions may not provide incentive compensation to officials and loan officers.

Noting that credit union management had become increasingly interested in implementing lending-related incentive pay programs, the NCUA Board, on March 9, 1994, issued a Request for Comment on whether § 701.21(c)(8) should be amended to permit loan officers and/or senior management to receive incentive pay for underwriting and insuring loans. 59 FR 11937 (March 15, 1994). A total of 252 comments was received, 177 of which expressed

support for allowing incentive pay for loan officers.

On April 13, 1995, the Board issued a proposed regulation which would amend § 701.21(c)(8) to authorize lending-related compensation in certain situations where it is currently prohibited. 60 FR 19690 (April 20, 1995). A total of 105 comments was received, 48 from federal credit unions, 29 from state-chartered credit unions, 19 from national and state credit union leagues, 3 from insurance companies, 2 from state credit union regulators, and 1 each from a banking trade association, Member of Congress, law firm, and individual.

Seventy-four commenters felt that the proposed regulation was too restrictive. Seven commenters expressed unqualified support for the proposed regulation and nine expressed qualified support. Seven commenters stated that credit unions should not be permitted to pay incentives, period. Six commenters urged that the current regulation be retained, expressing concern that additional authority to pay incentives could create safety and soundness problems.

Final Rule

In response to the comments, and to reduce regulatory burden, the Board has determined to give member-elected boards of directors more flexibility in determining compensation policies for lending-related activities, including the use of incentive pay. Accordingly, the final rule will allow federal credit unions to pay: (1) To any employee, including a senior management employee, an incentive or bonus based on the overall financial performance of the credit union; and (2) to any employee, except a senior management employee, an incentive based on a loan made by the credit union, provided that the board of the credit union has established written policies and internal controls in connection with the incentive or bonus and monitors compliance with them at least annually. In addition, the final rule will allow a credit union's volunteer officials and non senior management employees, and family members of officials and all employees, to receive compensation from an outside party for a service or activity performed outside the credit union, provided that neither the credit union nor the official, employee, or family member has "steered" anyone to the other party. This will allow for "incidental" situations resulting from the fact that volunteer officials, non senior management employees, such as part-time employees, and family members of employees, may have jobs