their contribution or donation to the candidate, political committee, or other organization.

(ii) A communication that provides instructions on how or where to send contributions or donations, including providing a phone number specifically dedicated to facilitating the making of contributions or donations. However, a communication does not, in and of itself, satisfy the definition of ''to solicit'' merely because it includes a mailing address or phone number that is not specifically dedicated to facilitating the making of contributions or donations.

(iii) A communication that identifies a Web address where the Web page displayed is specifically dedicated to facilitating the making of a contribution or donation, or automatically redirects the Internet user to such a page, or exclusively displays a link to such a page. However, a communication does not, in and of itself, satisfy the definition of ''to solicit'' merely because it includes the address of a Web page that is not specifically dedicated to facilitating the making of a contribution or donation.

(2) The following statements constitute solicitations:

(i) ''Please give $100,000 to Group X.''

(ii) ''It is important for our State party to receive at least $100,000 from each of you in this election.''

(iii) ''Group X has always helped me financially in my elections. Keep them in mind this fall.''

(iv) ''X is an effective State party organization; it needs to obtain as many $100,000 donations as possible.''

(v) ''Giving $100,000 to Group X would be a very smart idea.''

(vi) ''Send all contributions to the following address * * *.''

(vii) ''I am not permitted to ask for contributions, but unsolicited contributions will be accepted at the following address * * *.''

(viii) ''Group X is having a fundraiser this week; you should go.''

(ix) ''You have reached the limit of what you may contribute directly to my campaign, but you can further help my campaign by assisting the State party.''

(x) A candidate hands a potential donor a list of people who have contributed to a group and the amounts of their contributions. The candidate says, ''I see you are not on the list.''

(xi) ''I will not forget those who contribute at this crucial stage.''

(xii) ''The candidate will be very pleased if we can count on you for $10,000.''

(xiii) ''Your contribution to this campaign would mean a great deal to the entire party and to me personally.''

(xiv) Candidate says to potential donor: ''The money you will help us raise will allow us to communicate our message to the voters through Labor Day.''

(xv) ''I appreciate all you've done in the past for our party in this State. Looking ahead, we face some tough elections. I'd be very happy if you could maintain the same level of financial support for our State party this year.''

(xvi) The head of Group X solicits a contribution from a potential donor in the presence of a candidate. The donor asks the candidate if the contribution to Group X would be a good idea and would help the candidate's campaign. The candidate nods affirmatively.

(3) The following statements do not constitute solicitations:

(i) During a policy speech, the candidate says: ''Thank you for your support of the Democratic Party.''

(ii) At a ticket-wide rally, the candidate says: ''Thank you for your support of my campaign.''

(iii) At a Labor Day rally, the candidate says: ''Thank you for your past financial support of the Republican Party.''

(iv) At a GOTV rally, the candidate says: ''Thank you for your continuing support.''

(v) At a ticket-wide rally, the candidate says: ''It is critical that we support the entire Democratic ticket in November.''

(vi) A Federal officeholder says: ''Our Senator has done a great job for us this year. The policies she has vigorously promoted in the Senate have really helped the economy of the State.''

(vii) A candidate says: ''Thanks to your contributions we have been able to support our President, Senator and Representative during the past election cycle.''

(n) *To direct.* For the purposes of part 300, *to direct* means to guide, directly or indirectly, a person who has expressed an intent to make a contribution, donation, transfer of funds, or otherwise provide anything of value, by identifying a candidate, political committee or organization, for the receipt of such funds, or things of value. The contribution, donation, transfer, or thing of value may be made or provided directly or through a conduit or intermediary. Direction does not include merely providing information or guidance as to the applicability of a particular law or regulation.

* * * * *

Dated: March 13, 2006.

Michael E. Toner,

Chairman, Federal Election Commission.

[FR Doc. 06–2623 Filed 3–17–06; 8:45 am]

BILLING CODE 6715–01–P

FEDERAL RESERVE SYSTEM

12 CFR Part 211

[Regulation K; Docket No. R–1147]

International Banking Operations

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) has adopted a final rule to require Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks supervised by the Board to establish and maintain procedures reasonably designed to assure and monitor compliance with the Bank Secrecy Act and the regulations issued thereunder.

DATES: This rule is effective April 19, 2006.

FOR FURTHER INFORMATION CONTACT: Nina A. Nichols, Assistant Director, (202) 452–2961, Shaswat K. Das, Counsel, (202) 452–2428, or Bridget M. Neill, Assistant Director, (202) 452–5235, Division of Banking Supervision and Regulation; or Ann E. Misback, Associate General Counsel, (202) 452–3788, or Jennifer Sutton, Attorney, (202) 452–3564, Legal Division. For users of Telecommunications Devices for the Deaf (TDD) only, contact (202) 263–4869.

SUPPLEMENTARY INFORMATION:

I. Background

A. Regulations on Bank Secrecy Act Compliance Programs

Subchapter II of chapter 53 of Title 31, United States Code, commonly known as the ''Bank Secrecy Act,'' generally requires financial institutions to, among other things, keep records and make reports that have a high degree of usefulness in criminal, tax, or regulatory proceedings. Section 1359 of the Anti-Drug Abuse Act of 1986, Pub. L. 99–570, requires the supervisory agencies to prescribe regulations requiring institutions they regulate to establish and maintain procedures reasonably designed to assure and monitor compliance with the Bank Secrecy Act and to review such procedures during the course of their examinations.[1]

[1] See 12 U.S.C. 1818(s).

The supervisory agencies' implementing regulations incorporate the minimum components of a compliance program as generally set forth in the Bank Secrecy Act at 31 U.S.C. 5318(h). These components are: (i) A system of internal controls to assure ongoing compliance; (ii) independent testing of compliance by the institution's personnel or by an outside party; (iii) the designation of an individual or individuals responsible for coordinating and monitoring day-to-day compliance; and (iv) training for appropriate personnel.[2]

On May 30, 2003, the Board published a notice of proposed rulemaking in the **Federal Register** (68 FR 32434) to amend Regulation K (12 CFR part 211) to require Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks supervised by the Board to establish and maintain procedures reasonably designed to assure and monitor compliance with the Bank Secrecy Act.

B. Overview of Comments Received

The Board received five comments regarding the proposed rule. Commenters generally supported the clarification provided by the proposed rule regarding the Bank Secrecy Act compliance obligations of Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks. Specific issues raised by the commenters are discussed below.

II. Analysis of Comments

A. Requirement for Program Approval

The proposed rule would require a branch, agency, or representative office of a foreign bank operating in the United States (except for a Federal branch, a Federal agency, or a state-chartered branch that is insured by the Federal Deposit Insurance Corporation) to establish a Bank Secrecy Act compliance program with the approval of the foreign bank's board of directors. Two commenters expressed concern regarding the proposed approval process. One commenter observed that it is often difficult to obtain timely approval of ''local'' U.S. matters by the board of directors of the foreign bank in the home country. The other commenter noted that a U.S. branch, agency, or representative office may not itself have a board of directors and suggested that in such situation approval by the entity's senior management in the United States should be sufficient. Commenters stated that regulators, in other instances, have addressed logistical difficulties of securing head office approval by allowing, for example, a local committee, advisory board, senior management, or regional headquarters located in the United States to perform the functions of a board of directors.

The Board believes the Bank Secrecy Act program requires attention at the highest levels of management. Boards of directors of state member banks are not permitted to delegate approval of the Bank Secrecy Act compliance program.[3] U.S. branches, agencies, and representative offices of foreign banks generally will not have separate boards of directors. Nevertheless, these offices need to be able to establish and implement amendments to their Bank Secrecy Act programs as necessary. Accordingly, the final rule provides that a foreign bank's board of directors may appoint a delegee to approve the required Bank Secrecy Act program so long as the delegee is acting under the express authority of the board of directors to approve the Bank Secrecy Act program.

B. Risk-Based Program

One commenter requested that the Board clarify in the preamble to the final rule whether Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks are expected to develop risk-based programs under the rule. The Board has consistently interpreted Regulation H to require each bank to develop a Bank Secrecy Act compliance program that is tailored to address the risks presented by its business operations and customer base, provided that the minimum requirements set forth in section 208.63 of Regulation H are met. Under longstanding existing supervisory practice, as reflected in the final rule amending Regulation K, the Board expects Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks to develop and implement Bank Secrecy Act compliance programs that are risk-based.

C. Text of Regulation H Requirements

The proposed rule incorporated by reference the minimum requirements for Bank Secrecy Act compliance programs that are set forth in Regulation H at section 208.63 (12 CFR 208.63). One commenter suggested that the rule would be easier to use and more understandable if the final rule set forth the full text of the regulatory requirements found in Regulation H.

Many cross-references are made in Board regulations to provisions contained elsewhere. For example, the suspicious activity reporting rule for state member banks is found at 12 CFR 208.62 and is cross-referenced in Regulations K and Y at 12 CFR 211.5(k), 211.24(f), and 225.4(f). Similarly, the Customer Identification Program rule is found at 31 CFR 103.121 and is cross-referenced in Regulations H and K at 12 CFR 208.63(b)(2), 12 CFR 211.5(m)(2), and 211.24(j)(2). The Board believes this format is sufficiently clear; as a result, the final rule continues to incorporate by reference the text of the minimum requirements for Bank Secrecy Act compliance programs found in section 208.63 of Regulation H.

D. Applicability to Offshore Interests of U.S. Banking Organizations

The proposed rule by its terms would require Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks (except for a Federal branch, a Federal agency, or a state-chartered branch that is insured by the Federal Deposit Insurance Corporation) to establish Bank Secrecy Act compliance programs. One commenter requested that the final rule clarify that it does not apply to the investments of U.S. banks or Edge and Agreement corporations in offshore entities, whether those investments are subsidiaries, joint ventures, or portfolio investments. The definitions of ''financial institution'' and ''bank'' in the Bank Secrecy Act and regulations thereunder do not encompass foreign offices or foreign investments of U.S. banks or Edge and Agreement corporations.[4] Nevertheless, banks are expected to have policies, procedures, and processes in place at all their branches and offices to protect against risks of money laundering and terrorist financing. Moreover, an enterprise-wide anti-money laundering compliance program that assesses risk on a consolidated basis across all activities, business lines, and legal entities may be an essential tool in managing such risks.

III. Regulatory Analysis

A. Regulatory Flexibility Act

In accordance with section 4(a) of the Regulatory Flexibility Act (5 U.S.C. 604(a)), the Board must publish a final regulatory flexibility analysis with this rulemaking. The final rule creates a

[2] The Board's implementing regulation is found in Regulation H at section 208.63 (12 CFR 208.63).

[3] See 12 CFR 208.63(b). (''The compliance program shall be reduced to writing, approved by the board of directors, and noted in the minutes.'')

[4] See 31 U.S.C. 5312(a)(2); 31 CFR 103.11(c).

uniform regulatory standard for ensuring and examining compliance with applicable law and regulation. Institutions covered by the rule, whether small or large, are already required to have policies and procedures substantially equivalent to those required by the rule. Accordingly, the Board certifies that this final rule will not have a significant economic impact on a substantial number of small business entities.

B. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board has reviewed the final rule under the authority delegated to the Board by the Office of Management and Budget (OMB). The collections of information associated with this rulemaking are found in 12 CFR 211.5 and 211.24. This information is required to evidence compliance with the requirements of the Bank Secrecy Act, and the regulations promulgated thereunder. The recordkeepers are for-profit financial institutions.

The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, this collection of information unless it displays a currently valid OMB control number. The OMB control number is 7100–0310.

The final rule does not change the collection of information requirements set forth in the proposed rule. The final rule applies only to Edge and Agreement corporations and U.S. branches, agencies, and representative offices of foreign banks supervised by the Board. The final rule requires each of those entities to establish a written compliance program that includes the following components: (i) A system of internal controls to assure ongoing compliance; (ii) independent testing of compliance by the institution's personnel or by an outside party; (iii) the designation of an individual or individuals responsible for coordinating and monitoring day-to-day compliance; and (iv) training for appropriate personnel. The compliance program must be approved by the board of directors (and noted in the minutes) or by a delegee of the foreign bank's board of directors.

The commenters generally agreed that there would be little burden associated with the requirements for establishing a compliance program for the Bank Secrecy Act because the measures involved in the program are consistent with existing requirements under the Bank Secrecy Act at 31 U.S.C. 5318(h) and usual and customary business practices. The Board continues to believe that the estimated average annual burden of 16 hours per institution is accurate, because branches, agencies, and representative offices of foreign banks and Edge and Agreement corporations are currently subject to the program requirements of section 5318(h) of the Bank Secrecy Act. Thus, the rule adopted today clarifies the existing obligations of these entities under the Board's rules. Because the records would be maintained at branches, agencies, and representative offices of foreign banks and Edge and Agreement corporations, and the records are not provided to the Federal Reserve, no issue of confidentiality under the Freedom of Information Act arises.

Estimated number of financial institutions subject to the final rule: 520.

Estimated average annual burden for establishing the written compliance program per financial institution: 16 hours (2 business days).

Estimated total annual burden: 8,320 hours.

The Federal Reserve has a continuing interest in the public's opinion of our collections of information. At any time, comments regarding any aspect of this collection of information, including suggestions for reducing the burden may be sent to: Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 7100–0310), Washington, DC 20503.

IV. Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act, Pub. L. 106–102, requires the Board to use ''plain language'' in all proposed and final rules published after January 1, 2000. The Board requested comment on whether there were ways to make the proposed rule easier to understand. One commenter suggested that the rule would be easier to use if it set forth the full text of the regulatory requirements found in section 208.63. For the reasons discussed above, the Board has determined to continue to incorporate by reference the text of the minimum requirements for Bank Secrecy Act compliance programs found in section 208.63 of Regulation H. The Board believes that the final rule is written plainly and presented clearly.

List of Subjects in 12 CFR Part 211

Exports, Federal Reserve System, Foreign banking, Holding companies, Investments, Reporting and recordkeeping requirements.

■ For the reasons set forth in the preamble, part 211 of chapter II of title 12 of the Code of Federal Regulations is amended as follows:

PART 211—INTERNATIONAL BANKING OPERATIONS (REGULATION K)

■ 1. The authority citation for 12 CFR part 211 continues to read as follows:

Authority: 12 U.S.C. 221 *et seq.*, 1818, 1835a, 1841 *et seq.*, 3101 *et seq.*, and 3901 *et seq.*; 15 U.S.C. 6801 and 6805; 31 U.S.C. 5318.

■ 2. In § 211.5 add new paragraph (m)(1) to read as follows:

§ 211.5 Edge and agreement corporations.

* * * * *

(m) *Procedures for monitoring Bank Secrecy Act compliance.*

(1) *Establishment of Compliance Program.* Each Edge corporation and each agreement corporation shall, in accordance with the provisions of § 208.63 of the Board's Regulation H, 12 CFR 208.63, develop and provide for the continued administration of a program reasonably designed to assure and monitor compliance with the provisions of subchapter II of chapter 53 of title 31, United States Code, the Bank Secrecy Act, and the implementing regulations promulgated thereunder by the Department of the Treasury at 31 CFR part 103. The compliance program shall be reduced to writing, approved by the board of directors, and noted in the minutes.

* * * * *

■ 3. In § 211.24 add new paragraph (j)(1) to read as follows:

§ 211.24 Approval of offices of foreign banks; procedures for applications; standards for approval; representative office activities and standards for approval; preservation of existing authority.

* * * * *

(j) *Procedures for monitoring Bank Secrecy Act compliance.*

(1) *Establishment of Compliance Program.* Except for a Federal branch or a Federal agency or a state branch that is insured by the FDIC, a branch, agency, or representative office of a foreign bank operating in the United States shall, in accordance with the provisions of § 208.63 of the Board's Regulation H, 12 CFR 208.63, develop and provide for the continued administration of a program reasonably designed to assure and monitor compliance with the provisions of subchapter II of chapter 53 of title 31, United States Code, the Bank Secrecy Act, and the implementing regulations promulgated thereunder by the

Department of the Treasury at 31 CFR part 103. The compliance program shall be reduced to writing, and either:

(i) Approved by the foreign bank's board of directors and noted in the minutes, or

(ii) Approved by a delegee acting under the express authority of the board of directors to approve the Bank Secrecy Act compliance program.

* * * * *

By order of the Board of Governors of the Federal Reserve System, March 15, 2006.

Jennifer J. Johnson,

Secretary of the Board.

[FR Doc. 06–2629 Filed 3–17–06; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF LABOR

Employee Benefits Security Administration

29 CFR Part 2590

RIN 1210–AA62

Mental Health Parity

AGENCY: Employee Benefits Security Administration, Department of Labor.

ACTION: Interim final amendment to regulation.

SUMMARY: This document contains an interim final amendment to modify the sunset date of interim final regulations under the Mental Health Parity Act (MHPA) to be consistent with legislation passed during the 109th Congress.

DATES: *Effective date.* The interim final amendment is effective December 31, 2005. *Applicability dates.* The requirements of the interim final amendment apply to group health plans and health insurance issuers offering health insurance coverage in connection with a group health plan beginning December 31, 2005. The MHPA interim final amendment extends the sunset date from December 31, 2005 to December 31, 2006. Pursuant to the extended sunset date, MHPA requirements apply to benefits for services furnished before December 31, 2006.

FOR FURTHER INFORMATION CONTACT: Suzanne Bach, Employee Benefits Security Administration, Department of Labor, at (202) 693–8335.

Customer Service Information: Individuals interested in obtaining additional information on the Mental Health Parity Act and other health care laws may request copies of Department of Labor publications concerning changes in health care law by calling the EBSA Toll-Free Hotline at 1–866–444-EBSA (3272), or access the publications on-line at *http://www.dol.gov/ebsa,* the Department of Labor's Web site. Information on the Mental Health Parity Act and other health care laws is also available on the Department of Labor's interactive Web pages, Health Elaws (*http://www.dol.gov/elaws/ebsa/health*).

SUPPLEMENTARY INFORMATION:

A. Background

The Mental Health Parity Act of 1996 (MHPA) was enacted on September 26, 1996 (Pub. L. 104–204, 110 Stat. 2944). MHPA amended the Employee Retirement Income Security Act of 1974 (ERISA) and the Public Health Service Act (PHS Act) to provide for parity in the application of annual and lifetime dollar limits on mental health benefits with dollar limits on medical/surgical benefits. Provisions implementing MHPA were later added to the Internal Revenue Code of 1986 (Code) under the Taxpayer Relief Act of 1997 (Pub. L. 105–34, 111 Stat. 1080).

The provisions of MHPA, as originally enacted, are set forth in Part 7 of Subtitle B of Title I of ERISA, Chapter 100 of Subtitle K of the Code, and Title XXVII of the PHS Act.[1] The MHPA provisions in ERISA generally apply to all group health plans other than governmental plans, church plans, and certain other plans. These provisions also apply to health insurance issuers that offer health insurance coverage in connection with such group health plans. Generally, the Secretary of Labor enforces the MHPA provisions in ERISA, except that no enforcement action may be taken by the Secretary against issuers. However, individuals may generally pursue actions against issuers under ERISA and, in some circumstances, under state law.

B. Overview of MHPA

The MHPA provisions set forth in section 712 of ERISA apply to a group health plan (or health insurance coverage offered by issuers in connection with a group health plan) that provides both medical/surgical benefits and mental health benefits. MHPA's original text included a sunset provision specifying that MHPA's provisions applied to benefits for services furnished before September 30, 2001. On December 22, 1997, the Departments of Labor, the Treasury, and Health and Human Services issued interim final regulations under MHPA in the **Federal Register** (62 FR 66931). The interim final regulations included this statutory sunset date.

On January 10, 2002, President Bush signed H.R. 3061 (Pub. L. 107–116, 115 Stat. 2177), the 2002 Appropriations Act for the Departments of Labor, Health and Human Services, and Education. This legislation extended MHPA's original sunset date under ERISA, the Code, and the PHS Act, so that MHPA's provisions would apply to benefits for services furnished before December 31, 2002.

On March 9, 2002, President Bush signed H.R. 3090, the Job Creation and Worker Assistance Act of 2002 (Pub. L. 107–147, 116 Stat. 21), that included an amendment to section 9812 of the Code (the mental health parity provisions). This legislation further extended MHPA's original sunset date under the Code to December 31, 2003.

On September 27, 2002, the Department of Labor issued an interim final amendment for mental health parity in the **Federal Register** (67 FR 60859). The interim final amendment included the new statutory sunset date under H.R. 3061, so that MHPA's provisions would apply to benefits for services furnished before December 31, 2002. The Department made the effective date of this interim final amendment to the regulations September 30, 2001.

On December 2, 2002, President Bush signed H.R. 5716, the Mental Health Parity Reauthorization Act of 2002 (Pub. L. 107–313, 116 Stat. 2457), an amendment to section 712 of ERISA and Section 2705 of the PHS Act. This legislation further extended MHPA's original sunset date under ERISA and the PHS Act to December 31, 2003. On April 14, 2003, the Department of Labor issued an interim final amendment for mental health parity in the **Federal Register** (68 FR 18048). The interim final amendment included the new statutory sunset date under H.R. 5716, so that MHPA's provisions would apply to benefits for services furnished before December 31, 2003.

On December 19, 2003, President Bush signed S. 1929, the Mental Health Parity Reauthorization Act of 2003 (Pub. L. 108–197, 117 Stat. 2998), an amendment to section 712 of ERISA and Section 2705 of the PHS Act. This legislation further extended MHPA's original sunset date under ERISA and the PHS Act to December 31, 2004. On January 26, 2004, the Department of Labor issued an interim final amendment for mental health parity in the **Federal Register** (69 FR 3815). The final rule included the new statutory sunset date under S. 1929, so that MHPA's provisions would apply to

[1] Part 7 of Subtitle B of Title 1 of ERISA, Chapter 100 of Subtitle K of the Code, and Title XXVII of the PHS Act were added by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Pub. L. 104–191.