

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Regulation Z; Docket No. R-0954]

Truth in Lending

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Request for comments; extension of comment period.

SUMMARY: The Economic Growth and Regulatory Paperwork Reduction Act of 1996 directs the Board and the Department of Housing and Urban Development (HUD), where possible, to simplify and improve consumer disclosures required under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) and to provide a single format satisfying the requirements of those laws. If legislation is necessary to accomplish these goals, the agencies are to submit legislative recommendations to the Congress. In December 1996, the agencies published for comment an advance notice of proposed rulemaking. After consideration of the comments and further review, the Board determined that regulatory changes alone would be inadequate to achieve the goals of the Congress and that legislative changes are necessary to harmonize TILA and RESPA. In April 1997, the Board published a notice to invite additional public comments on possible legislative action. In the next few months, the Board and HUD will report to the Congress on potential legislative changes. In order to obtain additional comments from individual consumers, the Board has reopened and extended the public comment period.

DATES: Comments must be submitted on or before March 9, 1998.

ADDRESSES: Comments should refer to Docket No. R-0954 and may be mailed to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551. Comments may also be delivered to

Room B-2222 of the Eccles Building between 8:45 a.m. and 5:15 p.m. weekdays, or to the guard station in the Eccles Building courtyard on 20th Street NW (between Constitution Avenue and C Street) at any time. Comments may be inspected in Room MP-500 of the Martin Building between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in § 12 CFR 261.8 of the Board's Rules Regarding Availability of Information.

FOR FURTHER INFORMATION CONTACT:

Michael L. Hentrel, Natalie E. Taylor, Staff Attorneys, or James A. Michaels, Senior Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667; for users of Telecommunications Device for the Deaf (TDD) *only*, Diane Jenkins, at (202) 452-3544.

SUPPLEMENTARY INFORMATION: Section 2101 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (Pub. L. 104-208, 110 Stat. 3009) directs the Board and HUD to simplify and improve the disclosures given in a home mortgage transaction subject to TILA and RESPA, and to create a single disclosure that will satisfy the requirements of both statutes, if possible. If legislation is necessary to develop a single simplified disclosure, the Board and HUD are directed to submit legislative recommendations to the Congress. The statutes impose numerous requirements and serve various purposes. TILA seeks to promote the informed use of consumer credit by requiring standardized disclosures about credit terms and costs. The disclosures are intended to focus consumers' attention on certain aspects of their transaction and to assist them in comparison shopping. TILA establishes additional disclosure requirements for home-secured loans, and in some cases permits consumers to rescind such loans. RESPA contains both disclosure and price-related provisions. It requires that certain disclosures be given at various points in most mortgage transactions to ensure that consumers receive timely and useful information about the costs associated with the transaction. It also prohibits kickbacks and referral fees among settlement service providers.

On December 31, 1996 (61 FR 69055), the Board and HUD jointly published for comment an advance notice of proposed rulemaking on the issue of

simplifying and combining the disclosure requirements of RESPA and TILA. The Board and HUD received more than 80 comment letters, primarily from creditors and their representatives. After reviewing the comments, and upon further analysis in consultation with HUD, the Board decided not to propose any changes to Regulation Z. The Board determined that harmonizing TILA and RESPA to any significant degree required changes that could only come about through legislative action. As a result, the Board published a notice inviting additional public comment on possible legislative action on April 2, 1997 (62 FR 15624). The Board and HUD received more than 160 comment letters from consumers and industry representatives.

The Board is extending the comment period until March 9, 1998, in order to obtain views from consumers on matters such as the timing, content, and reliability of disclosures; the Board will do so by inviting certain first time homebuyers and previous home purchasers to participate in focus groups. The comment period is being extended primarily for the purpose of conducting these focus group interviews. Other members of the public may submit comments during this period, but they are encouraged to submit them as soon as possible. This extension will not delay the Board in providing its report to the Congress.

By order of the Secretary of the Board, acting pursuant to delegated authority for Board of Governors of the Federal Reserve System, January 30, 1998.

William W. Wiles,

Secretary of the Board.

[FR Doc. 98-2899 Filed 2-5-98; 8:45 am]

BILLING CODE 6210-01-P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Parts 1 and 33

Proposed Rulemaking Permitting Future-Style Margining of Commodity Options

AGENCY: Commodity Futures Trading Commission.

ACTION: Extension of comment period on proposed rulemaking.

SUMMARY: The Commodity Futures Trading Commission has proposed the

repeal of Commission Regulation 33.4(a)(2) which requires the full upfront payment of commodity option premiums. The proposed repeal was initially published for comment on December 19, 1997 (62 FR 66569) with comments on the proposal due by February 2, 1998. The effect of the repeal would be to permit the futures-style margining of commodity options traded on regulated futures exchanges and is discussed in the initial notice of proposed rulemaking. In order to give those persons affected by the proposed repeal sufficient time to fully assess its ramifications, the Commission has determined to extend the comment period on this proposal for an additional 30 days. The extended deadline for comments on this proposed rulemaking is March 4, 1998.

Any person interested in submitting written data, views, or arguments on the proposal should submit their views and comments by the specified date to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, DC 20581. In addition, comments may be sent by facsimile transmission to facsimile number (202) 418-5521, or by electronic mail to secretary@cftc.gov.

DATES: Comments must be received on or before March 4, 1998.

FOR FURTHER INFORMATION CONTACT: Thomas Smith, Attorney, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581. Telephone: (202) 418-5495.

Issued in Washington, D.C., on this 2nd day of February, 1998, by the Commodity Futures Trading Commission.

Jean A. Webb,

Secretary of the Commission.

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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 206

RIN 1010-AC09

Establishing Oil Value for Royalty Due on Federal Leases

AGENCY: Minerals Management Service, Interior.

ACTION: Supplementary proposed rule.

SUMMARY: The Minerals Management Service (MMS) is proposing further changes to its proposed rules amending

the regulations governing the royalty valuation of crude oil produced from Federal leases. MMS is seeking comments on this proposed rulemaking that includes changes resulting from comments received on oil valuation proposals published in the **Federal Register** and at several hearings and workshops.

DATES: Submit comments on or before March 23, 1998.

ADDRESSES: Send your written comments to David S. Guzy, Chief, Rules and Publications Staff, Royalty Management Program, Minerals Management Service, P.O. Box 25165, MS 3021, Denver, Colorado 80225-0165; or e-Mail David_Guzy@mms.gov.

FOR FURTHER INFORMATION CONTACT: David S. Guzy, Chief, Rules and Publications Staff, Royalty Management Program, Minerals Management Service, telephone (303) 231-3432, fax (303) 231-3385, or e-Mail David_Guzy@mms.gov.

SUPPLEMENTARY INFORMATION: The principal authors of this proposed rule are David A. Hubbard, Charles Brook, and Deborah Gibbs Tschudy of the Royalty Management Program (RMP) and Peter Schaumburg and Geoff Heath of the Office of the Solicitor in Washington, D.C.

MMS is specifying a deadline for comments that is less than the 60 days recommended by Executive Order No. 12866. MMS believes that a 45-day comment period is appropriate in this instance, because it previously extended and reopened the comment periods for several earlier proposed versions of this rule. MMS also held numerous workshops across the country to obtain public input on this proposed rulemaking. MMS is also planning to hold several hearings during the 45-day comment period to give interested parties the opportunity to fully discuss and comment on this supplementary proposed rule. MMS will publish specific dates and locations for the hearings in the **Federal Register**. MMS will consider comments filed beyond the deadline to the extent practicable.

I. Background

MMS first published notice of its intent to amend the current Federal oil valuation regulations, which appear in 30 CFR part 206, on December 20, 1995 (60 FR 65610). The goal of this rulemaking effort is to decrease reliance on oil posted prices, develop valuation rules that better reflect market value, and add more certainty to valuing oil produced from Federal lands.

The proposed amendments are brought about by changes in the

domestic petroleum market. Oil postings traditionally represented prices oil purchasers were willing to pay for particular crude oils in specific areas. Because they often provided the basis for prices in arm's-length transactions, MMS generally considered them representative of market value. Consequently, MMS heavily relied on them for royalty valuation. However, recent studies commissioned by States and an analysis performed for MMS by an interagency task force ("Final Interagency Report on the Valuation of Oil Produced from Federal Leases in California," May 16, 1996) concluded that the postings used by most companies are considerably less than the true market value of oil. These studies also indicated that integrated oil companies rarely sell crude oil at the lease. Instead, they rely on various exchange arrangements, which do not always reference a price, to transfer oil to refineries. Even where exchange agreements reference a price, the transaction's purpose is to exchange oil for oil rather than money for oil; therefore, MMS cannot rely on the price stated to be reflective of actual market value.

Based on these studies and subsequent MMS audits and investigations, MMS believes that the current benchmarks used to value Federal oil not sold at arm's length, which rely heavily on posted prices, no longer result in reflecting the market value of the oil.

On January 24, 1997, MMS published its initial notice of proposed rulemaking to amend the current Federal crude oil valuation regulations (62 FR 3742). The comment period on this proposal ended March 25, 1997, but was twice extended to April 28, 1997 (62 FR 7189), and May 28, 1997 (62 FR 19966). We also held public meetings in Lakewood, Colorado, on April 15, 1997, and Houston, Texas, on April 17, 1997, to hear comments on the proposal.

In response to the variety of comments received on the initial proposal, particularly with regard to the limitations on using arm's-length gross proceeds as value, we published a supplementary proposed rulemaking on July 3, 1997 (62 FR 36030). The comment period on this proposal closed August 4, 1997.

Because comments on both proposals were substantial, we reopened the public comment period on September 22, 1997 (62 FR 49460), and requested comments on alternatives suggested by commenters before proceeding with the rulemaking. The initial comment period for this request closed October 22, 1997, and was extended to November 5, 1997