AMS Proposes Amendments to Country of Origin Labeling for Beef, Pork, Lamb, Chicken, Fish

The Agricultural Marketing Service published a proposed rule amending the existing country of origin labeling (COOL) regulations for beef, pork, lamb, chicken, goat meat, wild and farm-raised fish and shellfish, perishable agricultural commodities, peanuts, pecans, ginseng, and macadamia nuts. “The COOL regulations are issued pursuant to the Agricultural Marketing Act of 1996. The Agency is issuing this rule to propose changes to the labeling provisions for muscle cut covered commodities to provide consumers with more specific information and is proposing other modifications to enhance the overall operation of the program.” AMS is revisiting these regulations because the current COOL standards have been found by the World Trade Organization to violate the WTO agreement on Technical Barriers to Trade (TBT) by treating domestic products more favorably than imported products. “Under this proposed rule, origin designations for muscle cut covered commodities derived from animals slaughtered in the United States would be required to specify the production steps of birth, raising, and slaughter of the animal from which the meat is derived that took place in each country listed on the origin designation. In addition, this proposed rule would eliminate the allowance for any commingling of muscle cut covered commodities of different origins. These changes will provide consumers with more specific information about muscle cut covered commodities. “AMS estimates that 7,181 firms would need to adjust current labeling practices to be in compliance with the new standards. Although the rule is expected to incur up to $47 million in costs for these firms, AMS “believes that the incremental economic benefits from the proposed labeling of production steps will be comparatively small relative to those that were discussed in the 2009 final rule.” Comments are due on April 11th.

In the News

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* Attorney general says big banks’ size may inhibit prosecution, Washington Post
  * Lawmakers want energy regulator to turn over findings of natural gas rate probes, The Hill

* Den bill would let HHS block premium hikes, The Hill
  * Fed: Obama’s health law leading to layoffs, The Hill
  * Watchdog fights to keep labels on ‘diet milk’, The Hill

* Food safety regulator lifts ban on three poultry additives, The Hill
  * FDA takes effort to curb antibiotics in livestock on the road, The Hill
  * Dodd-Frank Swaps Pushout Would Be Eased by Bipartisan Bills, Bloomberg

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* CME Swap-Data Routing Plan Backed by CFTC Over Rivals’ Objection, Bloomberg
  * HHS approves 3 more exchange under Obama’s health law, The Hill
  * ‘Perverse regulations’ from health law raising drug costs, study finds, The Hill
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Academic Use of CFTC’s Private Derivatives Data Investigated, Bloomberg
U.S. Bank Agency Wants to Ease Ejection of Secrecy Act Violators, Bloomberg
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SEC Weighs First Update of Automation Safeguards in 22 Years, Bloomberg
SEC Said to Discuss Floating NAV for Money Funds With IRS, Bloomberg
Calomiris Says Double Bank Capital Requirements, Bloomberg TV
Lawmakers rip into regulators over money-laundering prosecution, Washington Post
Oil industry, environmental groups team up to draft regulations for fracking in Illinois, Washington Post

Interior nominee Sally Jewell pledges to take a balanced approach on energy and climate issues, Washington Post
Fed says tests show 17 of 18 biggest US banks in stronger position to face sharp recession, Washington Post

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Regulations expected in March on carbon emissions, stress tests, The Hill
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Transparency groups: Long-standing FDA redactions policy violates Freedom of Information Act, Washington Post

Federal regulators release parts of report at center of dispute over damaged Cali. nuke plant, Washington Post

FTC urges stronger safeguards for mobile transactions, The Hill
EPA fuel standards ‘unworkable,’ industry says, The Hill
Watchdog decry 'systematic exploitation' in poultry plants, The Hill

New FTC chief vows online privacy push, The Hill
Pilots want tougher regulations for lithium battery shipments, The Hill
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SEC nominee Mary Jo White unlikely to face much resistance from Senate, Washington Post

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Uninsured Americans Get Hit With Biggest Hospital Bills, Bloomberg
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Five things you should know about Tom Perez, Obama’s pick for Labor Secretary, Washington Post
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Mary Jo White, Obama’s pick to lead SEC, faces Senate panel; confirmation expected, Washington Post
FDA head says menu calorie labeling ‘thorny’ issue as supermarkets lobby to be exempted, Washington Post
SEC nominee White to tackle questions on her work for NFL, banks, Reuters
Cordray Nomination at Stalemate as Senators Refuse to Negotiate, Bloomberg
SEC Nominee White to Face Conflict Questions at Senate Hearing, Bloomberg
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SEC nominee wins praise — but consumer advocate remains stuck, The Hill
New draft of healthcare reform application may get scrapped, The Hill
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White House regulatory office on autopilot?, The Hill
GOP hopes to rein in SEC rulemaking with new legislation, The Hill
FTC releases updated guidance for mobile, online advertisers, The Hill
FAA approves new 787 battery recertification process, The Hill
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Fidelity Sees Consensus on Limiting of Money-Fund Rules, Bloomberg
Banks May Face Extra Basel Capital Rules for Interest Rate Risks, Bloomberg
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Boeing Cleared by U.S. FAA to Test 787 Battery Changes, Bloomberg

Office of Personnel Management

OPM Finalizes Rule Establishing Multi-State Plan Program for Affordable Insurance Exchanges

The Office of Personnel Management published a final rule implementing the Patient Protection and Affordable Care Act (PPACA) requirements to establish a multi-state plan program (MSPP) to administer the affordable insurance exchanges. “Through contracts with OPM, health insurance issuers will offer at least two multi-State plans (MSPs) on each of the Affordable Insurance Exchanges (Exchanges). One of the issuers must be non-profit. Under the law, an MSPP issuer may phase in the States in which it offers coverage over 4 years, but it must offer...
MSPs on Exchanges in all States and the District of Columbia by the fourth year in which the MSPP issuer participates in the MSPP. This rule aims to balance adhering to the statutory goals of MSPP while aligning its standards to those applying to qualified health plans to promote a level playing field across health plans.”

Department of Health and Human Services

HHS Proposes Changes to Administration of Small Business Health Options Program

The Department of Health and Human Services published a proposed rule implementing portions of the Patient Protection and Affordable Care Act (PPACA) related to the Small Business Health Options Program (SHOP). PPACA requires states that establish exchanges to also establish a SHOP that assists small businesses to provide health care options for their employees. HHS published a final rule, Patient Protection and Affordable Care Act; Establishment of Exchanges and Qualified Health Plans; Exchange Standards for Employers (Exchange Establishment Rule), establishing standards for the administration of SHOP exchanges. This proposed rule would amend the existing rule by reducing the special enrollment period from 60 to 30 days following a triggering event, and would include the loss of eligibility for Medicare or Medicaid as a triggering event (with a 60-day special enrollment period). Comments are due by 5:00pm on April 1st.

HHS Final Rule Sets Parameters for Risk Adjustment, Reinsurance, Risk Corridors Programs

The Department of Health and Human Services published a final rule, amended by a simultaneously-published interim final rule, setting parameters for the risk adjustment, reinsurance, and risk corridors programs; cost-sharing reductions; user fees for Federally-facilitated Exchanges; advance payments of the premium tax credit; the Federally-facilitated Small Business Health Option Program; and the medical loss ratio program. “Cost-sharing reductions and advance payments of the premium tax credit, combined with new insurance market reforms, are expected to significantly increase the number of individuals with health insurance coverage, particularly in the individual market. In addition, we expect the premium stabilization programs—risk adjustment, reinsurance, and risk corridors—to protect against the effects of adverse selection. These programs, in combination with the medical loss ratio program and market reforms extending guaranteed availability (also known as guaranteed issue) and prohibiting the use of factors such as health status, medical history, gender, and industry of employment to set premium rates, will help to ensure that every American has access to high-quality, affordable health insurance.” Comments on the interim final amendment rule are due on April 30th.

Consumer Products Safety Commission

CPSC Proposes Rule Changing Definition of “Strong Sensitizers” for Hazardous Substance Determination

The Consumer Product Safety Commission published a proposed rule and accompanying guidance document altering the Commission’s definition of which substances could be considered a “strong sensitizer” for purposes of classifying which products may be hazardous household products eligible for labeling requirements. Currently, appropriate labeling is required for certain hazardous household products in order to inform consumers of potential hazards. “Among the hazards addressed by the FHSA are products that are toxic, corrosive, irritants, flammable, combustible, or strong sensitizers.” A strong sensitizer is defined in the Federal Hazardous Substances Act (FHSA) as a substance which will cause on normal living tissue a hypersensitivity which becomes evident on reapplication of the same substance through an allergic or photodynamic process and which is designated as such by the Commission. The proposed rule will supplement the existing regulatory definitions, which have been in place since 1986, by incorporating more recent science on sensitization.

More specifically, the rule would “eliminate redundancy, remove certain subjective factors, incorporate new and anticipated technology, rank the criteria for classification of strong sensitizers in order of importance, define criteria for “severity of reaction,” and indicate that a weight-of-evidence approach will be used to determine the strength of the sensitizer.” Determination that a substance meets the new requirements for a “strong sensitizer” would not be sufficient to necessitate a warning label for products containing the substance; if manufacturers of the product find that the strong sensitizer “may cause substantial injury or illness as a result of reasonably foreseeable handling or use, that product would be a “hazardous substance” as defined under the FHSA, and therefore would warrant appropriate labeling.” Comments are due on May 28th.

Department of Agriculture

FSIS Extends Comment Period for Hazard Analysis Rule for Ground Turkey and Chicken Producers

The Food Safety Inspection Service extended the comment period for its December 6, 2012 proposed rule, HACCP Plan Reassessment for Not-Ready-To-Eat Comminuted Poultry Products and Related Agency Verification
Procedures. The rule would require establishments that produce not-ready-to-eat (NRTE) comminuted chicken and turkey products to reassess their Hazard Analysis and Critical Control Points (HACCP) plans to address recent salmonella outbreaks. “Because the recent outbreaks discussed above have been directly associated with illness in many unrelated individuals in multiple states, these outbreaks, in the Agency's view, represent evidence of a material change in the effectiveness of what heretofore had been regarded as necessary and appropriate sanitary conditions required to manufacture safe and wholesome product. As such, the occurrence of these outbreaks is a change that could affect the hazard analysis or alter the HACCP plans for such products and like products. Therefore, establishments that produce NRTE comminuted turkey or chicken poultry products (including ground, mechanically separated, or hand- or mechanically-deboned poultry that is further chopped, flaked, minced, or otherwise processed to reduce particle size but not battered or breaded) in final form or as an intermediary product must evaluate the information discussed above to determine whether their HACCP plans for these products adequately address biological hazards, particularly Salmonella.” Comments are now due on April 20th.

AMS Section 610 Review of Pork Promotion & Research Program Finds Continuing Need for Rules
The Agricultural Marketing Service published a final rule concluding the section 610 review of AMS’s Pork Promotion, Research, and Consumer Information Order (Order). The Order permits the National Pork Board to assess a fee on all owners or marketers of swine, which is then used to fund promotion, research, consumer information, and industry information on pork. “The review was undertaken to determine whether the Order should be continued without change, amended, or rescinded (consistent with the objectives of the Act) to minimize the impacts on small entities. In conducting this review and using the guidance set forth in section 610 of the [Regulatory Flexibility Act], AMS considered the following factors: (1) The continued need for the Order; (2) the nature of complaints or comments received from the public concerning the Order; (3) the complexity of the Order; (4) the extent to which the Order overlaps, duplicates, or conflicts with other Federal rules, and, to the extent feasible, with State and local governmental rules; and (5) the length of time since the Order has been evaluated or the degree to which technology, economic conditions or other factors have changed in the area affected by the Order. Based upon this review, AMS has concluded that there is continued need for the Order. AMS plans to continue working with the pork industry in maintaining an effective program.”

Department of Transportation
DOT Final Rule Increases Minimum Baggage Liability Limit for Airlines to $3,400
The Department of Transportation published a final rule increasing the minimum baggage liability limit for air carriers from $3,300 to $3,400, better reflecting inflation since the last minimum baggage liability was set in 2008. The Department estimates that approximately 2 million domestic scheduled passengers experience a mishandled bag each year. “However, the vast majority of the instances of mishandled baggage do not result in a claim in an amount that is affected by the liability limit in this rule. We contacted a few carriers to determine how many of their domestic passengers have had claims that exceed the prior minimum liability limit of $3,300. Based on the information provided, we believe a little more than one half percent (0.0058) of the domestic passengers who experience a mishandled bag would benefit from an increase in the minimum limit on baggage liability, i.e., about 11,300 passengers. Therefore, we expect that there would be a cost to the airline industry of $1.1 million each year (the number of domestic passengers who receive a baggage settlement that exceeds the prior minimum liability limit of $3,300, which is 11,300 passengers multiplied by the maximum potential impact in those instances which is $100). There would also be a benefit to passengers in the same amount.” The Department is now accepting comments on this rule.

Department of Energy
DOE Announces Availability of Initial Analysis for Converter Box Energy Efficiency Standards
The Department of Energy published a proposed rule announcing the availability of an initial analysis estimating the potential economic impacts and energy savings to result from a possible energy efficiency standard for set-top boxes (such as converter boxes). In 2009, the federal government initiated a full-scale transition to digital television, requiring viewers with analog television sets to purchase a set-top converter box using a federal subsidy in order to receive broadcasting. “The analysis tools described in this [Notice of Data Availability] were developed to support a potential energy conservation standard for set-top boxes. DOE's primary goal is to improve the efficiency of consumer products, which result in significant national energy savings, consumer utility bill savings, and greenhouse gas emission reductions. DOE recognizes that there are multiple paths forward to reach this goal. At this time, DOE intends to move forward with its traditional regulatory rulemaking activities to develop an
energy conservation standard for set-top boxes. The initial analysis presented in today's notice is a step in this process. However, as part of the regulatory impact analysis performed for a NOPR proposing an energy conservation standard, DOE will consider any non-regulatory agreement reached between all stakeholders as an alternative to a regulatory standard.”

Agencies

Department of the Treasury

OCC Solicits Public Comments on Proposed Reporting Requirements for Banks

The Office of the Comptroller of the Currency published a notice soliciting comments from the public on new reporting requirements that OCC is considering for national banks and Federal savings associations entitled Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of $10 Billion to $50 Billion under the Dodd-Frank Wall Street Reform and Consumer Protection Act. This reporting template would require banks and Federal savings associations to submit formatted stress testing reports including an income statement, balance sheet, and capital information. A proposed worksheet would require submission of additional information in each of these sections. “The Dodd-Frank Act stress testing requirements apply to all covered institutions, but the OCC recognizes that many covered institutions with consolidated total assets of $50 billion or more have been subject to existing stress testing requirements under the Board's Comprehensive Capital Analysis and Review (CCAR). The OCC also recognizes that these institutions' stress tests will be applied to more complex portfolios and therefore warrant a broader set of reports to adequately capture the results of the company-run stress tests. These reports necessarily will require more detail than would be appropriate for smaller, less complex institutions. Therefore, the OCC has decided to specify separate reporting templates for covered institutions with total consolidated assets between $10 and $50 billion and for covered institutions with total consolidated assets of $50 billion or more.

While the general reporting categories are the same (income statement, balance sheet and capital), the level of granularity for individual reporting items is less for $10 to $50 billion institutions. For example, accounting for provisions by category is not required, and less detail is required for commercial and industrial lending. Because smaller banks with assets of $10 to $50 billion generally have less complex balance sheets, the OCC believes that highly detailed reporting is not warranted, and so the OCC is not requiring supplemental schedules on such areas as retail balances, securities and trading, operational risk, and pre-provision net revenue (PPNR). However, where a covered institution with assets less than $50 billion is affiliated with an organization with assets of $50 billion or more, the OCC reserves the authority to require the smaller covered institution to use the reporting template for larger institutions.” Comments are due on May 10th.

Department of Transportation

FAA Reviews Adequacy of Existing Bird Ingestion Requirements for Engines

The Federal Aviation Administration published a notice informing the public of FAA’s actions with the Aviation Rulemaking Advisory Committee (ARAC) pertaining to existing bird ingestion requirements for aircraft engines. “The NTSB recommended increasing the level of bird ingestion capability for aircraft engines. Amendment 33-23, adopted October 17, 2007. added requirements to address larger flocking birds, mass greater then [sic] 1.15 kg (2.5 pounds), since existing engine certification requirements did not specifically address the threat that these size birds, or their growing population, present to airplane operational safety. Medium bird ingestion criteria for small engines were established consistent with corresponding criteria for medium and large engines, which is freedom from multiengine power loss events at a rate of 1E-8 per aircraft cycle. The objective of the ARAC task is to evaluate whether the requirements for small and medium bird core ingestion and the large flocking bird requirements for engines with 1.35m -2.5m inlet areas should be revised.”

Export-Import Bank

Ex-Im Bank Receives Application for $100+ Million to Fund Boeing Exports to the Philippines

The Export-Import Bank published a notice announcing the receipt of an application for a long-term loan or financial guarantee in excess of $100 million to fund the export of commercial Boeing aircraft to the Philippines. The exports would be used for long-haul passenger air service between the Philippines and destinations in Asia, Canada, and other routes. Comments are due on April 8th.