

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.

DEPARTMENT OF AGRICULTURE

Animal and Plant Health Inspection Service

9 CFR Parts 1 and 3

[Docket No. 93-076-9]

RIN 0579-AA59

Animal Welfare; Marine Mammals

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The purpose of this notice is to announce the third and final meeting of the Marine Mammal Negotiated Rulemaking Advisory Committee.

DATES: July 8, 9, and 10, 1996, from 8:30 a.m. to 5:00 p.m. each day.

ADDRESSES: The meeting will be held at the USDA Center at Riverside, Conference Center Rooms A and B, 4700 River Road, Riverdale, Maryland 20737, (301) 734-7833.

FOR FURTHER INFORMATION CONTACT: Dr. Barbara Kohn, Senior Staff Veterinarian, Animal Care Staff, REAC, APHIS, 4700 River Road Unit 84, Riverdale, MD 20737-1234, (301) 734-7833.

SUPPLEMENTARY INFORMATION: In a Federal Register notice published on May 22, 1995 (60 FR 27049-27051, Docket No. 93-076-3), we announced our intent to establish a Marine Mammal Negotiated Rulemaking Advisory Committee (Committee), chartered under the Federal Advisory Committee Act (Pub. L. 92-463). The Committee will review the current regulations and standards under the Animal Welfare Act concerning the care and maintenance of captive marine mammals, and provide consensus language to amend the regulations. The first meeting of the Committee, which was announced in a Federal Register notice published on September 8, 1995 (60 FR 46783-46784, Docket No. 93-076-7), was held on September 25-26, 1995. The second meeting of the Committee, which was announced in a

Federal Register notice published on March 8, 1996 (61 FR 9371, Docket No. 93-076-8), was held on April 1-3, 1996. The March 8 Federal Register notice stated that the April 1-3 meeting would be the final Committee meeting. However, following that meeting, funding was obtained to allow for one more meeting. This notice announces the third and final meeting of the Committee.

The purpose of the meeting is to bring together members of the Animal and Plant Health Inspection Service, representatives of the marine mammal public display community, the marine mammal research community, the animal welfare community, and members of other Federal agencies with a definable stake in marine mammal care issues to frame a recommended rulemaking proposal to amend the current regulatory program concerning care and maintenance standards for captive marine mammals.

The Committee will determine the final agenda for the meeting at its beginning. The tentative agenda for the meeting is as follows:

First Day

Morning Session—8:30 a.m.

Establish Agenda for Meeting
Discussion of Marine Mammal Regulations

Afternoon Session—1 p.m.

Discussion of Marine Mammal Regulations
Public Comments

Second Day

Morning Session—8:30 a.m.

Establish Agenda for Day
Committee Administrative Issues
Discussion of Marine Mammal Regulations

Afternoon Session—1 p.m.

Discussion of Marine Mammal Regulations
Public Comments

Third Day

Morning Session—8:30 a.m.

Establish Agenda for Day
Committee Administrative Issues
Discussion of Marine Mammal Regulations

Afternoon Session—1 p.m.

Discussion of Marine Mammal Regulations

Public Comments

The meeting will be open to the public. Public participation at the meeting will be allowed during periods announced at the meeting for this purpose.

This notice is given pursuant to section 10 of the Federal Advisory Committee Act.

Done in Washington, DC, this 11th day of June 1996.

Terry L. Medley,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 96-15279 Filed 6-14-96; 8:45 am]

BILLING CODE 3410-34-P

FEDERAL RESERVE SYSTEM

12 CFR Part 204

[Regulation D; Docket No. R-0929]

Reserve Requirements of Depository Institutions

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Board of Governors of the Federal Reserve System is proposing to amend its Regulation D regarding reserve requirements of depository institutions issued pursuant to section 19 of the Federal Reserve Act in order to reduce regulatory burden and simplify and update requirements. This proposal to modernize Regulation D is in accordance with the Board's policy of regular review of its regulations and the Board's review of its regulations under section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994.

DATES: Comments must be received by August 16, 1996.

ADDRESSES: Comments, which should refer to Docket No. R-0929, may be mailed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551. Comments addressed to Mr. Wiles also may be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th

Street between Constitution Avenue and C Street, N.W. Comments may be inspected in Room MP-500 between 9:00 a.m. and 5:00 p.m. weekdays, except as provided in § 261.8 of the Board of Governors' Rules Regarding Availability of Information, 12 CFR 261.8.

FOR FURTHER INFORMATION CONTACT: Brian Reid, Economist, Division of Monetary Affairs (202/452-3589); Sue Harris, Economist, Division of Research and Statistics (202/452-3490); or Rick Heyke, Staff Attorney, Legal Division (202/452-3688). For the hearing impaired only, Telecommunications Device for the Deaf (TDD), Dorothea Thompson (202/452-3544).

SUPPLEMENTARY INFORMATION:

Background

As part of its policy of regular review of its regulations, and consistent with section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 ("Riegle Act"), the Board of Governors of the Federal Reserve System ("Board") is proposing to amend its Regulation D regarding reserve requirements of depository institutions (12 CFR Part 204) issued pursuant to section 19 of the Federal Reserve Act. Section 303 of the Riegle Act requires each federal banking agency to review and streamline its regulations and written policies to improve efficiency, reduce unnecessary costs, and remove inconsistencies and outmoded and duplicative requirements. The proposed amendments are designed to reduce regulatory burden and simplify and update the Regulation.

The principal amendments being proposed are described below. In general, the amendments delete transitional rules relating to the expansion of reserve requirements to nonmember depository institutions, the authorization of NOW accounts nationwide, and other matters that no longer have a significant effect.

Time Deposits

Section 204.2(c)(1) defines time deposits as deposits from which the depositor may not make withdrawals within six days after the date of deposit (or notice of withdrawal) or partial withdrawal unless such withdrawals are subject to an early withdrawal penalty. Under certain circumstances specified in footnote 1, a time deposit may be paid before maturity without imposing the early withdrawal penalty. A time deposit generally may be paid without penalty from the seventh day after deposit through maturity, absent partial

withdrawals, as the imposition of an early withdrawal penalty is required under the time deposit definition only during the first six days after deposit. The Board proposes to clarify that the footnote is not intended to impose a prohibition on withdrawals before maturity, but to permit penalty-free withdrawals under certain circumstances during the period when the imposition of an early withdrawal penalty otherwise would be required.

Nonpersonal Time Deposits

The definition of nonpersonal time deposit in § 204.2(f)(1) (iii) and (iv) distinguishes between transferable time deposits originally issued before October 1, 1980, and those issued on or after that date. Since the Board believes that most of these deposits have since matured, this distinction is no longer meaningful and the Board proposes to delete it.

Section 204.2(f)(3) requires that a nonpersonal time deposit with a stated maturity or notice period of 1½ years or more either be subject to a minimum withdrawal penalty of 30 days' interest (if withdrawn more than six days but within 1½ years after the date of deposit) or be treated as a deposit with an original maturity or notice period of less than 1½ years. Since 1991, the reserve requirement ratio has been set at zero for all time deposits regardless of maturity. Moreover, the form for reporting reservable liabilities (Form FR 2900) no longer requires depository institutions to report the amount of time deposits by category of maturity. The requirement to treat time deposits not subject to a minimum penalty of 30 days' interest as having an initial maturity of less than 1½ years is thus of no practical impact. The Board therefore proposes to delete it and footnote 2 to § 204.2(c)(1)(i), which refers to it.

Eurocurrency Liabilities

The definition of Eurocurrency liabilities in section 204.2(h)(1) includes an amount equal to certain assets that were held by a depository institution's International Banking Facility or by non-United States offices of the depository institution or of an affiliated Edge or agreement corporation and that were acquired from the depository institution's United States offices on or after October 7, 1979. The Board proposes to delete the exclusion of assets acquired before October 7, 1979, because it believes that the amount of these assets is immaterial.

Allocation of Reserve Requirements Exemption

The allocation of the reserve requirements exemption specified in § 204.3(a)(3)(i) requires that the exemption be allocated first to net transaction accounts in the form of NOW (and similar) accounts and second to other transaction accounts. This provision was related to the phase-in of reserve requirements for nonmember banks and the authorization of NOW and similar transaction accounts nationwide. Since the phase-in is now complete and nonmember institutions are subject to the same reserve requirements as member banks, the provision has ceased to have any effect, and the Board proposes to delete it.

Deductions Allowed in Computing Reserves

The deduction in § 204.3(f)(1) limits the amount of cash items in process of collection and balances subject to immediate withdrawal due from domestic depository institutions that may be subtracted from an institution's NOW accounts. Amounts in excess of this limit may be subtracted from other transaction accounts. Since the phase-in of reserve requirements for nonmember banks is now complete, all types of transaction accounts are subject to the same reserve requirements. Therefore, this limitation has ceased to have any effect and the Board proposes to delete it.

Federal Reserve Credit for Depository Institutions Maintaining Pass-Through Balances

Section 19(e) of the Federal Reserve Act prohibits member banks from acting as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal Reserve Bank except by permission of the Board. Regulation A, Extensions of Credit by Federal Reserve Banks (12 CFR Part 201), was amended in 1993 to delegate authority for this permission to the Federal Reserve Bank that extends the credit. 12 CFR 201.6(d). The proposal would correspondingly amend § 204.3(i)(5)(iv) of Regulation D effectively to complete the delegation of this authority to the Federal Reserve Bank that extends the credit.

Transition Rules

The regulation currently includes in § 204.4(a) a transition rule for depository institutions outside of Hawaii that were nonmembers of the Federal Reserve System on July 1, 1979, and that remained nonmembers. With the completion of the phase-in on September 10, 1987, this rule ceased to

have any effect. Section 204.4(b) contains a transition rule for depository institutions that were not members between July 1, 1979, and September 1, 1980, and that subsequently became members; since reserve requirements for nonmember institutions are fully phased in, this rule also has ceased to have any effect. Section § 204.4(d) contains a transition rule for nonmember depository institutions that were engaged in business in Hawaii on August 1, 1978, and that remained nonmembers; this rule ceased to have any effect on January 7, 1993. Therefore, the Board proposes to delete these rules.

Section 204.4(c) sets forth a transition rule for *de novo* depository institutions with daily average reservable liabilities of less than \$50 million whereby their reserve requirement is 40 percent of the reserves otherwise required in maintenance periods during the first quarter after entering into business, increasing to 100 percent in maintenance periods during the eighth and succeeding quarters. The low reserve tranche of a depository institution's net transaction accounts is currently subject to a reserve requirement of 3 percent, as compared with 10 percent for its net transaction accounts in excess of the low reserve tranche. Since 1982, the low reserve tranche cutoff has been indexed to net transaction accounts of all depository institutions; as a result, the cutoff has increased from \$25 million to \$52 million. Thus, all transaction accounts of *de novo* depository institutions that could avail themselves of this transition rule are now covered by the low reserve tranche. Moreover, beginning in 1982, \$2 million of reservable deposits have been subject to a zero percent reserve requirement; this exemption is indexed to total reservable liabilities of all depository institutions and is currently \$4.3 million.

In addition, a depository institution's vault cash may be used to meet its reserve requirement. Since *de novo* depository institutions generally have relatively low levels of deposits in relation to the reserve requirement exemption and the low reserve tranche cutoff, most are able to meet reserve requirements with vault cash and the others maintain minimal reserve balances. (Currently 18 depository institutions are receiving *de novo* phase-ins, and 14 of them are fully meeting their reserve requirements with vault cash.) Thus, this rule provides minimal benefits in terms of reducing required reserve balances of *de novo* institutions and unnecessarily complicates the processing of deposit reporting and reserve calculations. Consequently, the

Board proposes to delete it. In order to avoid disrupting economic expectations based on the *de novo* transition rule, however, any institution covered by the *de novo* transition rule on the effective date of the amendments will be grandfathered for purposes of determining its required reserves.

Section 204.4(e) governs transition requirements in cases of mergers and consolidations. Paragraph (e)(1) covers "similar" mergers, where all depository institutions are subject to the same transition rules, and paragraph (e)(2), "dissimilar" mergers, where the institutions are subject to different transition rules. Currently, no institution is subject to the "dissimilar" merger transition rules. With the phase-in of reserve requirements for nonmember institutions, the transition rules (other than the merger and *de novo* rules) have become inoperative. Moreover, as discussed above, the *de novo* rules no longer have a significant effect in most cases, and the Board is proposing to delete them. Therefore, the difference between the "similar" and "dissimilar" merger rules is minimal, and would be eliminated under the proposal. As a result, all mergers would be "similar" mergers. Therefore, the Board proposes to delete the "dissimilar" merger transition rule and apply the current "similar" merger transition rule to all mergers.

Reserve Ratios

Section 204.9(b) sets forth the reserve ratios in effect during the last reserve computation period prior to September 1, 1980, for use in transition adjustments that are no longer applicable. The Board proposes to delete the section.

Initial Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. 601-612) requires an agency to publish an initial regulatory flexibility analysis with any notice of proposed rulemaking. Two of the requirements of an initial regulatory flexibility analysis (5 U.S.C. 603(b))—a description of the reasons why the agency is considering the action and a statement of the objectives of, and legal basis for, the proposed rule—are contained in "Supplementary Information—Background" above. The Regulation D amendments being proposed require no additional reporting or recordkeeping requirements and do not overlap with other federal rules.

Another requirement for the initial regulatory flexibility analysis is a description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply.

The proposal will apply to all depository institutions regardless of size, except that the transition rule for *de novo* institutions applies only to institutions with total transaction accounts, nonpersonal time deposits, and Eurocurrency liabilities of less than \$50 million. Currently there are 18 institutions subject to the *de novo* transition rule.

Except for the transition rules relating to dissimilar mergers and *de novo* institutions, the amendments are burden-reducing. The current transition rules for dissimilar mergers provide a minor temporary potential reduction in reserve requirements for certain merged institutions. However, no institutions are currently benefiting from the dissimilar merger rules. The transition rules for *de novo* institutions, which are only applicable to institutions with reservable liabilities of less than \$50 million and provide only a temporary benefit, have become much less significant with the increase in the low-reserve tranche cutoff to \$52.0 million. Partly for this reason, only 4 of the 18 institutions currently receiving *de novo* phase-in benefits are not fully meeting their reserve requirements with vault cash. If the *de novo* transition rule were eliminated, the number of *de novo* institutions with required reserves in excess of vault cash would not change, and the additional required reserves of these 4 institutions would be small. Moreover, in order to avoid disrupting economic expectations based on the *de novo* transition rule, any institution covered by the *de novo* transition rule on the effective date of the amendments will be grandfathered for the purpose of determining its required reserves. Therefore, the Board believes that the amendments will not have a significant adverse economic impact on a substantial number of small entities.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act notice of 1995 (44 U.S.C. Ch. 3506; 5 CFR part 1320, Appendix A.1), the Board has reviewed the proposed rule under the authority delegated to the Board by the Office of Management and Budget. No collection of information pursuant to the Paperwork Reduction Act are contained in the proposed rule.

List of Subjects in 12 CFR Part 204

Banks, banking, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board proposes to amend part 204 of chapter II of title 12 as follows:

PART 204—RESERVE REQUIREMENTS OF DEPOSITORY INSTITUTIONS (REGULATION D)

1. The authority citation for part 204 continues to read as follows:

Authority: 12 U.S.C. 248(a), 248(c), 371a, 461, 601, 611, and 3105.

2. Section 204.2 is amended as follows:

a. In paragraph (c)(1)(i), the introductory text of footnote 1 is amended by removing "before maturity" and adding in its place, "during the period when an early withdrawal penalty would otherwise be required under this part", removing "the" after "imposing" adding in its place, "an", removing "penalties" and adding in its place "penalty", and footnote 2 is removed.

b. In paragraphs (c)(1)(iv)(C), (c)(1)(iv)(E), and (d)(2), footnotes 3 through 6 are redesignated as footnotes 2 through 5, respectively.

c. Paragraph (f)(1)(iii) is revised.

d. Paragraph (f)(1)(iv) is removed and paragraph (f)(1)(v) is redesignated as paragraph (f)(1)(iv).

e. In newly redesignated paragraphs (f)(1)(iv)(C) and (f)(1)(iv)(E), footnotes 7 and 8 are redesignated as footnotes 6 and 7, respectively.

f. Paragraph (f)(3) is removed.

g. In paragraph (h)(1)(ii)(A), footnote 10 is redesignated as footnote 8 and is amended by removing "(1) that were acquired before October 7, 1979, or (2)".

h. In paragraphs (h)(2)(ii) and (t), footnotes 11 and 12 are redesignated as footnotes 9 and 10, respectively, and newly redesignated footnote 9 is amended by revising "Footnote 10" to read "footnote 8". The revisions are as follows:

§ 204.2 Definitions.

* * * * *

(f)(1) *Nonpersonal time deposit* * * *

(iii) A transferable time deposit. A time deposit is transferable unless it contains a specific statement on the certificate, instrument, passbook, statement or other form representing the account that is not transferable. A time deposit that contains a specific statement that it is not transferable is not regarded as transferable even if the following transactions can be effected: a pledge as collateral for a loan, a transaction that occurs due to circumstances arising from death, incompetency, marriage, divorce, attachment, or otherwise by operation of law or a transfer on the books or records of the institution; and

* * * * *

3. Section 204.3 is amended as follows:

a. Paragraph (a)(3)(i) is removed and the paragraph designation (a)(3)(ii) is removed.

b. Paragraph (f)(1) is revised.

c. Paragraph (i)(5)(iv) is removed.

The revisions are as follows:

§ 204.3 Computation and maintenance.

* * * * *

(f) *Deductions allowed in computing reserves.* (1) In determining the reserve balance required under this part, the amount of cash items in process of collection and balances subject to immediate withdrawal due from other depository institutions located in the United States (including such amounts due from United States branches and agencies of foreign banks and Edge and agreement corporations) may be deducted from the amount of gross transaction accounts. The amount that may be deducted may not exceed the amount of gross transaction accounts.

* * * * *

4. Section 204.4 is revised to read as follows:

§ 204.4 Transitional adjustments in mergers.

In cases of mergers and consolidations of depository institutions, the amount of reserves that shall be maintained by the surviving institution shall be reduced by an amount determined by multiplying the amount by which the required reserves during the computation period immediately preceding the date of the merger (computed as if the depository institutions had merged) exceeds the sum of the actual required reserves of each depository institution during the same computation period, times the appropriate percentage as specified in the following schedule:

Maintenance periods occurring during quarters following merger or consolidation	Percentage applied to difference to compute amount to be subtracted
1	87.5
2	75.0
3	62.5
4	50.0
5	37.5
6	25.0
7	12.5
8 and succeeding	0

5. Section 204.8 is amended as follows:

a. In paragraph (a)(2)(i)(B)(5), footnotes 13 and 14 are redesignated as footnotes 11 and 12, respectively.

b. In paragraph (a)(3)(v), footnotes 15 and 16 are redesignated as footnotes 13 and 14, respectively, and revised to read as follows:

§ 204.8 International banking facilities.

(a) *Definitions.* * * *

* * * * *

(3) *International banking facility extension of credit or IBF loan* * * *

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(v) * * * 13 * * * 14 * * *

§ 204.9 [Amended]

6. Section 204.9 is amended by removing paragraph (b), by redesignating paragraph (a)(1) as paragraph (a), and by redesignating paragraph (a)(2) as paragraph (b).

By order of the Board of Governors of the Federal Reserve System, June 10, 1996.

William W. Wiles,

Secretary of the Board.

[FR Doc. 96-15120 Filed 6-14-96; 8:45 am]

BILLING CODE 6210-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 94-SW-17-AD]

Airworthiness Directives; Schweizer Aircraft Corporation and Hughes Helicopters, Inc. Model 269A, 269A-1, 269B, and TH-55A Helicopters

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes to supersede an existing airworthiness directive (AD), applicable to Schweizer Aircraft Corporation and Hughes Helicopters, Inc. Model 269A, 269A-1, 269A-2, and 269B helicopters, that currently requires initial and repetitive inspections of the main rotor thrust bearing (bearing) for bearing rotational roughness, corrosion, inadequate lubrication, physical damage, or excessive zinc chromate paste or moisture. This action would require the same initial and repetitive inspections required by the existing AD, but would extend the retirement life for certain bearings, and would remove the Model 269A-2 helicopter from, and add the Model TH-55A helicopters to the applicability of this AD. This proposal is prompted by an FAA analysis of service information issued by the

¹³ See footnote 11.

¹⁴ See footnote 12.