additional information, no civil penalty would have been assessed for these violations, in accordance with the civil penalty assessment process described in VI.B.2 of the Enforcement Policy. However, the NRC utilized its enforcement discretion, as described in Section VII.A.1 of the Enforcement Policy, to assess a civil penalty in the amount of $100,000. This section of the policy permits the NRC to assess a penalty where none might otherwise be proposed, or to increase the amount of a civil penalty, to reflect the safety or regulatory significance of the violations. In this case, the NRC utilized its discretion to propose a $100,000 civil penalty for two primary reasons. First, the Supply System had been cited in August 1995, for violations in the Supply System's surveillance requirements program as part of an escalated enforcement action (EA 95–096). The number of similar violations that occurred over a relatively short period of time in 1996 demonstrated serious weaknesses in the Supply System's surveillance requirements program and showed that the Supply System's 1995 corrective actions had not gone far enough to address these weaknesses. Secondly, the NRC utilized discretion to emphasize the fundamental importance of the surveillance program and to express its concern that, at this stage in the operation of this facility, weaknesses would exist as serious as those evidenced by the numerous violations forming the basis of this enforcement action. The NRC determined that a civil penalty larger than the $50,000 civil penalty assessed in 1995 was warranted in these circumstances and proposed a $100,000 civil penalty for this matter.

2. The Supply System stated that there was no systemic breakdown in operational activities.

NRC Response: The NRC accepts this statement, but it has little relevance to the current enforcement action. The NRC based its action on the serious weaknesses in the surveillance program at WNP–2, as evidenced by several surveillance-related violations occurring over a relatively short period of time, and the ineffectiveness of previous corrective actions to preclude recurrence. These violations were considered collectively as a Severity Level III problem in accordance with Supplement I of the Enforcement Policy. The Supply System's assertion that these violations did not represent a ''systemic breakdown'' in operational activities does not affect the NRC's perspective or the enforcement action. There was clearly a programmatic issue.

3. The Supply System stated that additional credit should be given for its prompt and comprehensive corrective actions.

NRC Response: As stated above, the NRC recognized that the Supply System took prompt and comprehensive corrective actions. The penalty was not based on any perceived shortcomings in the Supply System's corrective actions for the current (1996) violations. The NRC's concern about corrective actions was based on the aforementioned 1995 enforcement action (EA 95–096), in which surveillance-related violations made up part of a Severity Level III problem that resulted in a $50,000 civil penalty being assessed. In EA 95–096, issued on August 17, 1995, nine violations were considered in the aggregate as a Severity Level III problem. Violations E(1), E(2) and F of EA 95–096 involved changing operational conditions (modes) with equipment inoperable, a violation of the Technical Specifications. In the current enforcement action, the violations involved changing modes with equipment inoperable and changing modes without having conducted required surveillances. All of these violations involved the programs and processes in place to assure that equipment was operable and that required surveillances had been conducted prior to changing modes. In taking its action in 1995, the NRC specifically stated that it had limited the civil penalty to $50,000 ''in recognition of the fact that you have proposed comprehensive corrective actions.'' Since those actions were not effective with respect to surveillance-related problems that form the basis for this enforcement action, as well as to emphasize the fundamental importance of surveillance program compliance, the NRC proposed a civil penalty ($100,000) that was larger than the civil penalty proposed for EA 95–096 ($50,000). The NRC notes that the Supply System's corrective actions for the 1995 enforcement action did not extend to its processes for assuring compliance with surveillance requirements and that, as of the occurrence of the violations in 1996, no checklist or other verification method existed to ensure that surveillances had been completed prior to changing modes, a commonly used method of verifying compliance.

4. The Supply System stated in its response that the enforcement action placed too much emphasis on the prior surveillance-related violation, noting that only one current violation was similar to a previous violation only in that it involved errors in LCO tracking prior to plant mode changes.

NRC Response: The NRC does not agree that the similarities between the 1995 and 1996 enforcement actions are limited to one example. As noted above, Violations E(1), E(2) and F in the 1995 enforcement action involved making mode changes with required equipment inoperable. In the current enforcement action, Violations A, B (with 3 examples) and C involved changing modes without having conducted required surveillances to show equipment operable. The NRC placed emphasis on this similarity, and in fact relied upon it as one of the primary reasons for utilizing enforcement discretion, to emphasize that escalated enforcement action had been taken in August 1995, less than one year prior to the current violations occurring. The NRC's expectation is that licensees who receive escalated enforcement action will take corrective action that is broad and comprehensive such that a recurrence of the violations is precluded or minimized. In this case, it was apparent that the Supply System's previous corrective actions did not address weaknesses in WNP–2's programs for assuring that surveillances were conducted and that equipment was operable prior to changing plant modes. Thus, the NRC does not agree that too much emphasis was placed on the similarities between the 1995 and 1996 enforcement actions. In addition, as discussed in response to other arguments above, the NRC exercised discretion to emphasize its concern about serious weaknesses in such a fundamental aspect of complying with plant Technical Specifications.

NRC Conclusion

The NRC concludes that its use of enforcement discretion to propose a $100,000 civil penalty was appropriate and in accordance with the Enforcement Policy's emphasis in Section VII.A.1 of assuring that the enforcement action reflects the significance of the circumstances and conveys the appropriate regulatory message. Consequently, the proposed civil penalty in the amount of $100,000 should be imposed by order.

[FR Doc. 97–5000 Filed 2–27–97; 8:45 am]

BILLING CODE 7590–01–P

OFFICE OF MANAGEMENT AND BUDGET

Discount Rates for Cost-Effectiveness Analysis of Federal Programs

AGENCY: Office of Management and Budget.

ACTION: Revisions to Appendix C of OMB Circular A–94.

SUMMARY: The Office of Management and Budget revised Circular A–94 in 1992. The revised Circular specified certain discount rates to be updated annually when the interest rate and inflation assumptions used to prepare the budget of the United States Government were changed. These discount rates are found in Appendix C of the revised Circular. The updated discount rates are shown below. The discount rates in Appendix C are to be used for cost-effectiveness analysis, including lease-purchase analysis, as specified in the revised Circular. They do not apply to regulatory analysis.

DATES: The revised discount rates are effective immediately and will be in effect through February 1998.

FOR FURTHER INFORMATION CONTACT: Robert B. Anderson, Office of Economic Policy, Office of Management and Budget, (202) 395–3381.

Joseph J. Minarik,

Associate Director for Economic Policy, Office of Management and Budget.

Appendix C

(Revised February 1997)

Discount Rates for Cost-Effectiveness, Lease Purchase, and Related Analyses

Effective Dates. This appendix is updated annually around the time of the

President's budget submission to Congress. This version of the appendix is valid through the end of February, 1998. Copies of the updated appendix and the Circular can be obtained from the OMB Publications Office (202–395–7332) or in an electronic form through the OMB home page on the world-wide WEB, http://www.whitehouse.gov/WH/EOP/omb. Updates of this appendix are also available upon request from OMB's Office of Economic Policy (202–395–3381), as is a table of past years' rates.

Nominal Discount Rates. Nominal interest rates based on the economic assumptions from the budget are presented below. These nominal rates are to be used for discounting nominal flows, which are often encountered in lease-purchase analysis.

NOMINAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES

[In percent]

3-year	5-year	7-year	10-year	30-year
5.8	5.9	6.0	6.1	6.3

Real Discount Rates. Real interest rates based on the economic assumptions from the budget are presented below. These real rates are to be used for discounting real (constant-dollar) flows, as is often required in cost-effectiveness analysis.

REAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES

[In percent]

3-year	5-year	7-year	10-year	30-year
3.2	3.3	3.4	3.5	3.6

Analyses of programs with terms different from those presented above may use a linear interpolation. For example, a four-year project can be evaluated with a rate equal to the average of the three-year and five-year rates. Programs with durations longer than 30 years may use the 30-year interest rate.

[FR Doc. 97–4992 Filed 2–27–97; 8:45 am]

BILLING CODE 3110–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38329; International Series Release No. 1059; File No. 600–29]

Self-Regulatory Organizations; Cedel Bank, Notice of Filing To Amend Order Exempting Cedel Bank From Registration as a Clearing Agency

February 24, 1997.

Introduction

On August 31, 1995, Cedel Bank, société anonyme, Luxembourg (''Cedel'')[1] filed with the Securities and Exchange Commission (''Commission'') an application on Form CA–2[2] for exemption from registration as a clearing agency pursuant to Section 17A of the Securities Exchange Act of 1934 (''Exchange Act'')[3] and Rule 17Ab2–1 thereunder.[4] Notice of Cedel's application was published in the Federal Register on June 19, 1996.[5] On February 24, 1997, the Commission granted Cedel's application for exemption from registration as a clearing agency to permit Cedel to offer clearance, settlement, and credit support services to U.S. entities for transactions in eligible U.S. government securities.[6] The exemption is subject to certain conditions and limitations which are set forth in the Cedel exemption order.

Contemporaneously with the granting of Cedel's limited exemption from registration as a clearing agency, the Commission is publishing this notice to solicit comments from interested persons on the specific issue of whether Cedel should be permitted, without registering as a clearing agency, to offer its securities processing and collateral management services to U.S. entities for U.S. debt and equity securities in addition to U.S. government securities. The Commission seeks comment on this issue because the Commission believes that the provision of clearance, settlement, and collateral management services by a non-U.S. clearing agency for U.S. entities in U.S. debt and equity securities raises issues that were not addressed sufficiently in the Cedel notice or the comments thereto.

II. Description of the Proposal

As more fully described in the Cedel notice and the Cedel exemption order, Cedel offers to its customers international clearance and settlement, trade confirmation, securities custody, and securities lending services.[7] Cedel also offers to its customers its Global Credit Support Service (''GCSS'') which is a book-entry, real-time collateral management service for cross-border securities collateralization.[8] In its application for exemption, Cedel requested that it be permitted to provide clearance and settlement, securities lending, and GCSS services for transactions involving U.S. securities, including equity and debt securities.

The comment letters regarding the Cedel notice generally indicated that the ability to provide clearance, settlement, and collateral management services for transactions involving U.S. Treasury securities (''U.S. Treasuries'') appeared to be the most critical element of Cedel's proposed services. This is especially true for GCSS because U.S. Treasuries appear to be the preferred securities for use as collateral in securing international credit obligations. Commenters did not specifically discuss any unique or additional benefits to be

[1] Cedel Bank is a wholly-owned subsidiary of Cedel International. On January 1, 1995, Cedel, which was established in 1970, was converted into Cedel Bank to perform lending, clearing, and settlement activities, and a parent company, Cedel International, was created into which Cedel transferred the nonbanking subsidiaries. Cedel Bank is licensed in Luxembourg both as a bank and as a ''professionnel du secteur financier'' (''PSF'') and is under the supervision of the Institute Monetaire Luxembourgeois (''IML''), Luxembourg's banking and securities regulatory authority. Cedel International is licensed as a non-bank PSF and also is under the supervision of the IML. The IML establishes capital and liquidity requirements, evaluates the financial condition and performance of all Luxembourg financial institutions, conducts on-site inspections, and monitors all financial institutions and their controlling companies for adherence to Luxembourg laws and regulations. On April 24, 1996, the Federal Reserve Board granted Cedel's request to establish a representative office in New York.

[2] Copies of the application for exemption are available for inspection and copying at the Commission's Public Reference Room, in File No. 600–29.

[3] 15 U.S.C. 78q–1.

[4] 17 CFR 240.17Ab2–1.

[5] Securities Exchange Act Release No. 37309 (June 12, 1996), 61 FR 31201 (Notice of filing of application for exemption from registration as a clearing agency) (''Cedel notice'').

[6] Securities Exchange Act Release No. 38328 (February 24, 1997), (order approving application for exemption from registration as a clearing agency) (''Cedel exemption order''). The definition of ''eligible U.S. government securities'' is set forth in Section II of this notice.

[7] For a more detailed description of Cedel's clearance, settlement, and credit support services, *see* the Cedel notice, 61 FR at 31201–04.

[8] GCSS became operational on a limited basis on September 30, 1996, with four institutions participating (Bank of America, Banque Paribas, Dresdner Bank, and Salomon Brothers). Pursuant to the Cedel exemption order, eligible U.S. government securities can be included in GCSS. However, the Cedel exemption order does not permit Cedel to provide securities processing services through GCSS or otherwise for other U.S. debt or equity securities transactions involving U.S. entities.