

outstanding balance and a recent annual percentage rate (APR):¹

(2) The APR;

(3) Fees imposed by the creditor and third parties;

(4) A statement that negative amortization may occur and that as a result a consumer's equity in a home may decrease; and

(5) Several statements, including a statement that loss of the home could occur in the event of default.

Subsequent Disclosures

Subject to certain limitations on changes in terms, creditors are generally required to send the consumer a fifteen-day advance notice if a term on the plan is changed. In addition, a notice must also be sent if additional extensions of credit are prohibited or if the credit limit is reduced; this notice must be sent no later than three business days after the action is taken. 12 CFR 226.9(c)

Limitations on Home-equity Plans

Regulation Z prescribes substantive limitations on the changes that a creditor can make in the annual percentage rate, termination of a plan, and any other change in the credit terms that were initially disclosed. For example, a creditor cannot terminate a plan and demand repayment of the entire outstanding balance unless the consumer has engaged in fraud or misrepresentation, failed to meet the repayment terms, or adversely affected the creditor's security by action or inaction. A creditor generally cannot change a term unless the change was provided for in the initial agreement, the consumer agrees to the change in writing, or the change is insignificant or "unequivocally beneficial" to the consumer throughout the remainder of the plan; and cannot apply a new index and margin unless the original index becomes unavailable. 12 CFR 226.5b(f)

Advertising

Creditors generally trigger additional disclosures, in advertisements, if they advertise account-opening disclosures relating to finance charges and other significant charges or repayment terms for a plan. If a home-equity plan advertisement contains a trigger term, creditors must also state the following:

(1) The periodic rate used to compute the finance charge (expressed as an APR);

(2) Loan fees that are a percentage of the credit limit, along with an estimate of other plan fees; and

(3) The maximum APR that could be imposed in a variable-rate plan.

If a minimum payment for the home-equity plan is stated, the advertisement must also state if a balloon payment will result. For a variable-rate plan, if the advertisement states a rate other than one based on the contract's index and margin, the advertisement must also state how long the introductory rate will be in effect. The introductory rate and the fully-indexed rate must be disclosed with equal prominence. In addition, creditors cannot advertise home-equity plans as "free money" (or using a similar term) and cannot discuss the tax consequences of interest deductions in a misleading way. 12 CFR 226.16(d)

III. Request for Comments

The Board requests comment on whether the existing home-equity lending rules provide adequate protections for consumers and whether any statutory or regulatory changes are warranted to ensure adequate disclosure and other consumer protections in connection with open-end home-equity lines of credit.

The Board will submit its report to the Congress in early fall 1996, based on the comments of interested parties and its own analysis.

By order of the Board of Governors of the Federal Reserve System, January 24, 1996.

William W. Wiles,

Secretary of the Board.

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DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

15 CFR Part 981

[Docket No. 951213299-5299-01]

RIN 0648-A142

Ocean Thermal Energy Conversion Licensing Program

AGENCY: Office of Ocean and Coastal Resource Management (OCRM), National Ocean Service (NOS), National Oceanic and Atmospheric Administration (NOAA), Department of Commerce (DOC).

ACTION: Proposed rule.

SUMMARY: The National Oceanic and Atmospheric Administration (NOAA) is proposing to remove Part 981 from Title 15 of the Code of Federal Regulations

(Part 981). Part 981 implements the Ocean Thermal Energy Conversion (OTEC) Licensing Program, which was established under the Ocean Thermal Energy Conversion Act of 1980, as amended, (OTEC Act), 42 U.S.C. 9101 *et seq.* No applications under Part 981 for licenses of commercial OTEC facilities or plantships have yet been received by NOAA, and there has been a low level of NOAA activity under the OTEC Act. During this 15 year period of time, the availability and relatively low price of fossil fuels, coupled with the risks to potential investors, has limited the interest in the commercial development of OTEC projects. Removal of Part 981 at this time will allow NOAA to evaluate the appropriateness of these, or any other, regulations at such time as interest in the commercial development of OTEC projects occurs.

DATES: Comments on the proposed rule are invited and will be considered if submitted in writing to the address below on or before February 29, 1996.

ADDRESSES: Comments should be submitted to Karl Jugel, Chief, Ocean Minerals and Energy Division, Office of Ocean and Coastal Resource Management, National Ocean Service, National Oceanic and Atmospheric Administration, 1305 East-West Highway, 11th Floor, Silver Spring, MD 20910.

FOR FURTHER INFORMATION CONTACT: James Lawless, Deputy Director, Office of Ocean and Coastal Resource Management, at (301) 713-3155.

SUPPLEMENTARY INFORMATION:

I. Regulatory Review

The National Oceanic and Atmospheric Administration (NOAA) is proposing to remove Part 981 of 15 CFR, pursuant to the Regulatory Reform Initiative of President Clinton and the Ocean Thermal Energy Conversion Act of 1980, as amended.

In March 1995, President Clinton issued a directive to federal agencies regarding their responsibilities under his Regulatory Reform Initiative. This initiative is part of the National Performance Review and calls for immediate, comprehensive regulatory reform. The President directed all agencies to undertake, as part of this initiative, an exhaustive review of all their regulations—with an emphasis on eliminating or modifying those that are obsolete or otherwise in need of reform.

The Ocean Thermal Energy Conversion Act of 1980, as amended, (OTEC Act), 42 U.S.C. §§ 9101 *et seq.*, also requires that NOAA periodically review the regulations that apply to the licensing of OTEC facilities and

¹ The example must show the minimum periodic payment and the time it would take to repay the \$10,000 balance if the consumer made only those payments and obtained no additional credit extensions.

plantships. The fundamental purpose of the review is to determine if the regulations themselves impose an adverse impact on the development and commercialization of OTEC technology.

Comments are solicited from all interested persons on the proposed removal of Part 981. Comments are in particular invited on whether the OTEC regulations, or their removal at this time, impose an adverse impact on the development and commercialization of OTEC technology.

II. Ocean Thermal Energy Conversion Licensing Program

The principle behind Ocean Thermal Energy Conversion (OTEC) has been validated through experimental projects in the United States and elsewhere. However, many design and economic uncertainties remain with regard to a commercial scale plant.

The OTEC Act established a licensing and permitting system for the development of OTEC as a commercial energy technology. Without a legal framework, including the site security and predictability it provides, financing and insuring commercial OTEC operations may have been impossible. The OTEC Act applies to facilities located in U.S. territorial waters or connected to the United States by pipeline or cable. The law also applies to all OTEC plantships owned or operated by U.S. citizens and all OTEC facilities or plantships documented under U.S. law. The OTEC Act requires that a person obtain a license from NOAA in order to own, construct, or operate such a facility or plantship. The OTEC Act and the implementing regulations provide the framework for the development of a commercial OTEC industry.

Section 102(a) of the OTEC Act required NOAA to complete issuance of final implementing regulations by August 3, 1981. Section 102(a) also established certain criteria that the regulations must satisfy. NOAA is authorized, consistent with the purposes and provisions of the OTEC Act, to amend or rescind the OTEC regulations. In particular, section 117 of the OTEC Act requires NOAA to review the regulations on a periodic basis. NOAA is authorized and directed to revise the regulations as necessary and appropriate to ensure that the regulations do not impede the development, evolution, and commercialization of OTEC technology.

After receiving comments from an advance notice of proposed rulemaking (45 FR 77038, November 21, 1980), NOAA proposed to issue minimal OTEC regulations upon considering three

other approaches: (1) detailed regulation of OTEC activities, (2) moderate regulation of OTEC activities, and (3) no regulations. Under the "minimum regulation" approach proposed by NOAA on March 30, 1981 (46 FR 19418-19447), the OTEC licensing regulations would include only the general guidelines and performance standards specified in the OTEC Act. Detailed guidelines and specifications would not be provided in advance in the regulations. They would be introduced if deemed necessary on a site-specific, case-by-case basis to prevent significant adverse effects on the environment or to prevent other results contrary to law. The information submitted to NOAA with an application would include details of the proposed site, descriptions of the operating features of the plan, and assessments of the potential impacts of construction and operation. Thus, application for a license could be made before detailed design of the OTEC project was completed. NOAA would examine the applicant's assessments of the nature and potential magnitude of the impacts from construction and operation of the proposed project, and analyze in detail only those impacts that appeared to pose significant problems.

Under this approach, the incremental administrative costs to NOAA to process each application would be relatively modest. Maximum flexibility would be afforded OTEC project sponsors.

Most persons who commented on the proposed OTEC licensing regulations favored the "minimum regulation" approach as the approach which would best permit the innovation and flexibility necessary in the early years of implementation of a new technology. See *Final Regulatory Impact Analysis and Final Regulatory Flexibility Analysis for Regulations to Implement Public Law 96-320, The Ocean Thermal Energy Conversion Act of 1980*, July 1981, U.S. Dept. of Commerce, NOAA, Office of Ocean Minerals and Energy. NOAA's detailed analysis of potential regulatory impacts of various licensing regimes, prepared as part of the regulation development process, confirmed that the minimum regulation approach was the most cost-effective one that would satisfy the goals of the OTEC Act. Accordingly, it was adopted as the basis for the final licensing regulations issued by NOAA. NOAA published final regulations implementing the OTEC Act in the Federal Register on July 31, 1981 (46 FR 39388-39420). The licensing process developed by NOAA and specified in the final regulations was intended to provide the orderly, timely, and

efficient review of OTEC proposals envisioned by the drafters of the OTEC Act.

In 1983 and 1984, NOAA undertook two reviews of the OTEC license procedures. Beginning with a notice in the Federal Register on May 11, 1983 (48 FR 21154-21156), NOAA reviewed the OTEC regulations to determine if the regulations themselves imposed an adverse impact on the development and commercialization of OTEC technology. A second review of the regulations was conducted by NOAA at the request of the Office of Management and Budget in accordance with the Paperwork Reduction Act. Also in 1984, Congress passed amendments to the OTEC Act. On November 21, 1985, NOAA published a proposed rule (50 FR 48097-48099) incorporating the 1984 amendments to the OTEC Act. This proposed rule reflected NOAA's conclusion, as a result of its regulatory review, that no additional regulatory modifications were necessary. A final rule was published in the Federal Register on June 10, 1986 (51 FR 20958-20960).

Also in 1985, NOAA published a *Guide to Permits and Regulations Applicable to Ocean Thermal Energy Conversion Projects—Hawaii Edition*. This permit guide was prepared in order to provide OTEC project sponsors with an overview of potential licenses, permits and authorizations required by federal, state and local agencies. It was intended as a reference guide for federal, state and local agencies processing OTEC permit applications.

No applications for licenses of commercial OTEC facilities or plantships have yet been received by NOAA, and there has been a low level of NOAA activity under the OTEC Act. Since FY 86, no appropriations have been requested by the present or past Administrations, or provided by the Congress, for NOAA OTEC activities. NOAA's last significant OTEC related activities were limited to the completion of two research studies in FY 87, both of which had been funded and initiated with previous appropriations. One was the impact of OTEC generated underwater sound on selected marine animals, and the second study was on the socioeconomic effects of an OTEC plant at Kahe Point, Oahu, Hawaii. Since that time, NOAA activities have been limited to responding to occasional requests for OTEC related technical and regulatory information. The overall availability and relatively low price of fossil fuels, coupled with the risks to potential investors, has limited the interest in the commercial development of OTEC projects.

Given that a commercial OTEC industry has yet to develop, Part 981 remains unused for the most part. Removal of Part 981 at this time is consistent with the purposes and provisions of the OTEC Act in that it will allow NOAA to evaluate the suitability of these regulations at such time as interest in the commercial development of OTEC projects occurs. At such time, NOAA will issue a proposed rule appropriate to the then current regulatory needs. Potential licensees will therefore be assured that any future OTEC regulations will be up to date, and will continue to provide innovation and flexibility necessary for an emerging OTEC industry.

NOAA is mindful of its responsibility for licensing of commercial OTEC facilities and plantships under the OTEC Act, however, and will take appropriate steps to review and process an application should one be made. For particular inquiries into the licensing of OTEC projects in the interim period, NOAA will provide copies of the provisions of these OTEC regulations in response to such inquiries. Thus, NOAA will provide actual and timely notice of applicable procedures and requirements to particular individuals. See 5 U.S.C. § 552(a). Accordingly, NOAA is proposing to remove Part 981, the OTEC regulations, from Title 15 of the CFR.

III. Miscellaneous Rulemaking Requirements

Executive Order 12612: Federalism Assessment

NOAA has concluded that this regulatory action does not have federalism implications sufficient to warrant the preparation of a Federalism Assessment under Executive Order 12612.

Executive Order 12866: Regulatory Impact

This proposed rule has been determined to be not significant for purposes of Executive Order 12866.

Regulatory Flexibility Act

No licenses have been issued for OTEC projects under 15 CFR Part 981. When commercial interest in OTEC projects occurs, NOAA will issue a proposed rule appropriate to the regulatory needs at that time. For particular inquiries into the licensing of OTEC projects in the interim period, NOAA will provide actual and timely notice of applicable procedures and requirements to particular individuals. See 5 U.S.C. § 552(a). For these reasons, the proposed removal of Part 981 is not expected to have a significant economic

impact on a substantial number of small entities, and the Assistant General Counsel for legislation and Regulation of the Department of Commerce has so certified to the Chief Counsel for Advocacy of the Small Business Administration. As such, an initial Regulatory Flexibility Analysis was not prepared.

Paperwork Reduction Act

This rule does not contain an information collection requirement subject to review and approval by OMB under the Paperwork Reduction Act of 1980, 44 U.S.C. 3500 *et seq.*

National Environmental Policy Act

NOAA has concluded that this regulatory action does not constitute a major federal action significantly affecting the quality of the human environment. No applications for licenses of commercial OTEC facilities or plantships have yet been received by NOAA, and Part 981 remains unused for the most part. When commercial interest in OTEC projects occurs, NOAA will issue a proposed rule appropriate to the regulatory needs at that time. For particular inquiries into the licensing of OTEC projects in the interim period, NOAA will provide actual and timely notice of applicable procedures to particular individuals. See 5 U.S.C. 552(a). Therefore, an environmental impact statement is not required.

Authority: Ocean Thermal Energy Conversion Act of 1980, as amended, 42 U.S.C. 9101 *et seq.*

List of Subjects in 15 CFR Part 981

Administrative practice and procedure, Ocean thermal energy conversion licensing, Environmental protection, Marine resources, Penalties, Reporting and recordkeeping requirements.

Dated: January 24, 1996.

W. Stanley Wilson,

Assistant Administrator for Ocean Services and Coastal Zone Management.

Accordingly, for the reasons set forth above, Chapter IX of Title 15 of the Code of Federal Regulations is proposed to be amended as follows:

PART 981—OCEAN THERMAL ENERGY CONVERSION LICENSING PROGRAM—[REMOVED]

1. Under the authority of the Ocean Thermal Energy Conversion Act of 1980, Part 981 is removed.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Parts 201, 208, 314, and 601

[Docket No. 93N-371W]

Prescription Drug Product Labeling; Public Patient Education Workshop

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice of a public workshop.

SUMMARY: The Food and Drug Administration (FDA) is reannouncing a public patient education workshop to discuss methods and criteria for developing and evaluating prescription drug information for patients. Previously, in the Federal Register of December 8, 1995 (60 FR 63049), the agency announced this workshop which was scheduled for January 9 and 10, 1996. Due to inclement weather, the agency was forced to postpone the workshop. The agency has rescheduled the workshop for February 14 and 15, 1996. The purpose of this workshop is to obtain views and opinions concerning the criteria for useful patient information, and it is part of FDA's ongoing initiative to improve the distribution of adequate and useful prescription drug information to patients. FDA encourages health professionals, consumer groups, and other interested parties to participate in the workshop. FDA also invites the designers of primary information systems, which produce either written information or computer programs that generate prescription drug patient information, to display their systems for educational purposes.

DATES: The public patient education workshop will be held on February 14 and 15, 1996, from 8:30 a.m. to 5 p.m. Submit registration notices for participants by February 9, 1996. Submit registration notices for designers of information systems by February 7, 1996. Submit written comments by March 6, 1996.

ADDRESSES: The public patient education workshop will be held at the DoubleTree Hotel, 1750 Rockville Pike, Rockville, MD. Preregistration for workshop participants is encouraged, although not required, in order to facilitate logistical planning of the breakout discussion groups. There is no registration fee for this workshop. Registration forms can be obtained by calling 301-443-5470 or writing to the Office of Health Affairs, ATTN: Patient Education Workshop, Food and Drug Administration (HFY-40), 5600 Fishers