

**§ 574.9 Additions of directors and employment of senior executive officers of savings associations and savings and loan holding companies.**

(a) \* \* \*

(5) \* \* \*

(i) \* \* \*

(A) Has a composite rating of 4 or 5, as defined in § 516.3(c) of this chapter;

\* \* \* \* \*

Dated: July 9, 1996.

By the Office of Thrift Supervision.

Jonathan L. Fiechter,

*Acting Director.*

[FR Doc. 96-18565 Filed 7-22-96; 8:45 am]

BILLING CODE 6720-01-P

**NATIONAL CREDIT UNION ADMINISTRATION**

**12 CFR Part 704**

**Corporate Credit Unions**

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Proposed rule.

**SUMMARY:** NCUA recently issued a proposed rule to revise the regulations governing corporate credit unions. At the time the proposal was released, NCUA indicated that special consideration would have to be provided for wholesale corporate credit unions, due to their unique role in the credit union system. NCUA and the one wholesale corporate credit union that currently exists have worked together to develop this proposal, which provides for such consideration. This proposal would amend the regulations on corporate credit unions by adding a new section, to follow the numbering of the recent proposal, governing wholesale corporate credit unions. Final provisions governing wholesale corporate credit unions, as well as other corporate credit unions, will be adopted after consideration of public comments.

**DATES:** Comments must be received on or before September 3, 1996.

**ADDRESSES:** Comments should be directed to Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428. Fax comments to (703) 518-6319. Post comments on NCUA's electronic bulletin board by dialing (703) 518-6480. E-mail comments to boardmail@ncua.gov. Please send comments by one method only.

**FOR FURTHER INFORMATION CONTACT:**

Robert F. Schafer, Acting Director, Office of Corporate Credit Unions, at the

above address, telephone: (703) 518-6640, or E-mail: occumail@ncua.gov; or Edward Dupcak, Director, Office of Investment Services, at the above address, telephone: (703) 518-6620, or E-mail: oismail@ncua.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

On May 22, 1996, NCUA issued a proposed rule to revise the regulations for corporate credit unions. 61 FR 28085 (June 4, 1996). The comment period expires on September 3, 1996. The proposal sets forth requirements and authorities that would apply to all corporate credit unions, and then provides, through appendices, additional requirements and authorities for those corporate credit unions that have more developed infrastructures and more experienced staffs. Currently, the credit union system supports one "wholesale" corporate credit union, which is a corporate credit union that serves corporate credit unions. It was expected that this wholesale corporate credit union would seek to obtain the authorities available under Appendix B of the proposed rule. It was also expected that certain adjustments to the general requirements and the requirements of Appendix B would have to be made to allow the wholesale corporate credit union to fulfill its role as an ultimate liquidity provider to the system.

NCUA and the wholesale corporate credit union have worked closely on these adjustments, pending adoption of final revised rules governing corporate credit unions. For several reasons, NCUA has determined to incorporate these adjustments into the proposed revisions to Part 704. First, the wholesale corporate credit union should have the assurance that, once these adjustments are made final, it will remain entitled to them, unless the regulation is changed. Second, the importance of the wholesale corporate credit union to the entire credit union system warrants public comment on the adjustments. Further, the adjustments should be standardized in the event other corporate credit unions wish to become wholesale corporate credit unions. Accordingly, this proposed rule adds a new Section 704.19 governing wholesale corporate credit unions. Public comment is requested. Final action on this proposal will coincide with final action on the broader proposed Part 704.

**Analysis**

Proposed Section 704.19(a) provides that wholesale corporate credit unions

must comply with Part 704, unless there is a specific provision to the contrary in Section 704.19. Thus, a wholesale corporate credit union that wishes to have access to the broader investment powers of Appendix B of the May proposal must meet the general requirements of that proposal, except as modified by Appendices B and C and proposed Section 704.19. For a wholesale corporate credit union, where Section 704.19 conflicts with Appendices B or C, Section 704.19 prevails.

For example, Section 704.3(b)(1) of the May proposal contains a general requirement that a corporate credit union maintain a capital ratio of 4 percent. To engage in Part II authorities, though, a 6 percent ratio is required. For a wholesale corporate credit union, however, proposed Section 704.19(b)(1) requires only a 5 percent ratio. This is partly justified by proposed Section 704.19(c), which establishes a narrower limit for risk taking than is available to other corporate credit unions with Part II authority. It is also justified because of the membership of a wholesale corporate credit union. Senior managers of corporate credit unions have specialized expertise in the areas of investments and asset and liability management. NCUA believes that corporate credit union managers, as members and board representatives, will analyze and question the balance sheet strength and financial activities of the wholesale corporate credit union, keeping its risk-taking in check. Finally, the lower ratio is justified because a wholesale corporate credit union has a greater capacity to raise paid-in capital from non-credit union sources if the need arises.

Section 704.3(b)(2) of the May proposal provides that a corporate credit union's monthly reserve transfers are based upon the level of its reserve ratio, which is calculated by dividing the institution's moving daily average net assets into the total of its reserves and undivided earnings plus paid-in capital. Where the reserve ratio is greater than or equal to 3 percent but less than 4 percent, the corporate credit union must transfer .10 percent of its moving daily average net assets. Where the reserve ratio is less than 3 percent, the corporate credit union must transfer .15 percent of its moving daily average net assets. The amount to be transferred must be calculated monthly, but the funds may come out of earnings for the quarter. This formula is maintained even for a corporate credit union operating with Part II authorities.

Proposed Section 704.19(b)(2), however, allows a wholesale corporate

credit union to make reserve transfers at the lesser of .10 percent of its moving daily average net assets or the amount, depending on its reserve ratio, that would be required under Section 704.3(c). A lower requirement is appropriate to provide competitive wholesale corporate credit union services. Proposed 704.19(b)(2) also provides that reserve transfers may be made from earnings in either the prior calendar month or prior twelve-month period. It may be necessary for a wholesale corporate credit union to utilize the earnings accumulated over a year, rather than just a quarter, to balance occasional short-term losses with overall long-term gain.

Section 704.8(e)(1) of the May proposal requires a corporate credit union to evaluate the risk in its balance sheet by measuring, at least quarterly, the impact of a 300 basis point interest rate shock. A corporate credit union must structure its balance sheet so that its after-shock MVPE ratio does not fall below 1 percent. If the ratio falls below 2 percent, the corporate credit union must conduct the tests monthly. Section 704.8(e)(2) of the May proposal provides that a corporate credit union must limit its risk exposure to levels that do not result in an after-shock decline in MVPE of more than 18 percent. Pursuant to Appendix B, a corporate credit union with Part II authorities may structure its balance sheet so that its MVPE declines as much as 50 percent after a 300 basis point shock.

Proposed Section 704.19(c) permits a wholesale corporate credit union's after-shock MVPE ratio to go as low as .75 percent and restricts the absolute decline in MVPE to 35 percent. The MVPE floor was lowered in the belief that the 1 percent level could unduly restrict a wholesale corporate credit union and prevent it from providing essential services to members. Since the MVPE floor serves, in part, as a cushion for MVPE modeling errors, lowering the floor requires greater assurance that the modeling system is reliable. Accordingly, proposed Section 704.19(c)(2) requires a wholesale corporate credit union to obtain, at its expense, an annual third-party review of its asset and liability management modeling system.

In light of the forbearance provided in the capital and MVPE requirements, NCUA believes that a wholesale corporate credit union should operate with a lower limit on the permitted decline in MVPE than provided in Appendix B, Part II. The proposed limit is consistent with the level of risk a wholesale corporate credit union should undertake in light of its mission to

provide liquidity to the credit union system.

#### Regulatory Procedures

##### *Regulatory Flexibility Act*

The NCUA Board certifies that the proposed rule, if made final, will not have a significant economic impact on small credit unions (those under \$1 million in assets).

##### *Paperwork Reduction Act*

The paperwork requirements of this proposed rule are incorporated in the requirements set forth in a proposed rule issued by NCUA on May 22, 1996. 61 FR 28085 (June 4, 1996). NCUA invites comment on: (1) whether the collection of the information is necessary for the proper performance of the functions of NCUA, including whether the information will have practical utility; (2) the accuracy of NCUA's estimate of the burden of the collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) ways to minimize the burden of collection of information. Comments on the collection of information should be directed to Ms. Beauchesne, at the National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428; Fax No. (703) 518-6433; E-Mail Address: SUEB@ncua.gov, by September 3, 1996. Comments should also be sent to the OMB Desk Officer at the following address: Mr. Milo Sunderhauf, OMB Reports Management Branch, New Executive Office Building, Rm. 10202, Washington, DC 20530.

##### *Executive Order 12612*

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. It states that: "Federal action limiting the policy-making discretion of the states should be taken only where constitutional authority for the action is clear and certain, and the national activity is necessitated by the presence of a problem of national scope." The risk of loss to federally insured credit unions and the NCUSIF caused by actions of corporate credit unions are concerns of national scope. The proposed rule would help assure that proper safeguards are in place to ensure the safety and soundness of corporate credit unions.

Proposed Part 704 applies to all corporate credit unions that accept funds from federally insured credit unions. NCUA believes that the protection of such credit unions, and ultimately, the NCUSIF, warrants application of the proposed rule to non

federally insured corporate credit unions. NCUA, pursuant to Executive Order 12612, has determined that this rule may have an occasional direct effect on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government and the states, or on the distribution of power and responsibilities among the various levels of government. However, the potential risk to the NCUSIF without these changes justifies them.

#### List of Subjects in 12 CFR Part 704

Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on July 16, 1996.

Becky Baker,

*Secretary of the Board.*

For the reasons set forth in the preamble, NCUA proposes to amend 12 CFR Part 704, as proposed to be revised at 61 FR 28098, June 4, 1996, as follows:

#### **PART 704—CORPORATE CREDIT UNIONS**

1. The authority citation for part 704 continues to read as follows:

Authority: 12 U.S.C. 1762, 1766(a), 1781, and 1789.

2. Section 704.19 is added to read as follows:

##### **§ 704.19 Wholesale corporate credit unions.**

(a) *General.* Wholesale corporate credit unions are subject to the requirements of this part, except as set forth in this section.

(b) *Capital.* (1) A wholesale corporate credit union will maintain a minimum capital ratio of 5 percent.

(2) A wholesale corporate credit union shall make reserve transfers at the lower of .10 percent of its moving daily average net assets or the amount that would be required under § 704.3(c).

(i) Required transfers are to be made from earnings in either the prior calendar month or prior twelve-month period. Transfers made during the prior twelve-month period must be greater than or equal to the aggregate amount of required reserve transfers for each of the months in that twelve-month period.

(ii) NCUA and, in the case of state-chartered wholesale corporate credit unions, the state supervisory authority, must be notified within 15 business days of the close of any calendar month in which a wholesale corporate credit union's required reserve transfer exceeds earnings for that month. The notice must include the dollar amounts

of the required reserve transfer and earnings for that month and for the prior twelve-month period. The notice must also provide an explanation of why the current month's required reserve transfer exceeded earnings for that month.

(c) *Asset and liability management.*

(1) In conducting the interest rate sensitivity analysis set forth in § 704.8(e)(1)(i), a wholesale corporate credit union must limit its risk exposure to levels that do not result, at any time, in an MVPE ratio below .75 percent or a decline in MVPE of more than 35 percent.

(2) A wholesale corporate credit union must obtain, at its expense, an annual third-party review of its asset and liability management modeling system.

[FR Doc. 96-18453 Filed 7-22-96; 8:45 am]

BILLING CODE 7535-01-P

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Parts 91, 121, 127, and 135

[Docket No. 28577; Notice No. 96-4]

RIN 2120-AG11

#### Special Flight Rules in the Vicinity of the Rocky Mountain National Park

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of Proposed Rulemaking; extension of comment period.

**SUMMARY:** This document announces an extension of the comment period on a Notice of Proposed Rulemaking (NPRM), which proposes to establish a Special Federal Aviation Regulation to preserve the natural quiet of Rocky Mountain National Park from any potential adverse impact from aircraft-based sightseeing overflights. This action is being taken to rectify the discrepancy of the comment period closing date between the NPRM published in the Federal Register and the closing date of the NPRM located in the FAA Rules Docket.

**DATES:** Comments must be received on or before August 19, 1996.

**ADDRESSES:** Comments on this NPRM should be mailed, in triplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attention: Rules Docket (AGC-200), Docket No. 28577, 800 Independence Avenue SW., Washington, DC 20591. Comments may also be sent electronically to the Rules Docket by using the following Internet

address: nprmcmts@mail.hq.faa.gov. Comments must be marked Docket No. 28577. Comments may be examined in the Rules Docket in Room 915G on weekdays between 8:30 a.m. and 5:00 p.m., except on Federal holidays.

#### SUPPLEMENTARY INFORMATION:

##### Background

Notice No. 96-4 was placed on immediate display at the Federal Register on May 10, 1996, and published on May 15, 1996 (61 FR 24582). This Notice, as published, provided for a 90 day comment period to close on August 13, 1996. The FAA Rules Docket inadvertently stamped the wrong date on the copy of the notice located in the docket room at FAA Headquarters that comments to Notice No. 96-4 must be received on or before August 18, 1996, which falls on a Sunday. To afford all interested persons, especially those who relied on the closing date of the comment period provided for in the FAA Docket, the opportunity to comment on the proposal, the FAA extends the comment period, as published in the Federal Register, to coincide with the closing date of the comment period as provided for in the FAA Docket. Therefore, comments on this Notice should be received on or before August 19, 1996.

##### Extension of Comment Period

The comment period closing date on Notice No. 96-4, Special Flight Rules in the Vicinity of the Rocky Mountain National Park, is hereby extended to August 19, 1996.

Issued in Washington, DC on July 17, 1996.

Harold W. Becker,  
*Acting Program Director for Air Traffic,  
Airspace Management.*

[FR Doc. 96-18552 Filed 7-22-96; 8:45 am]

BILLING CODE 4910-13-M

## DEPARTMENT OF THE TREASURY

### Customs Service

#### 19 CFR Part 134

RIN 1515-AB61

#### Country of Origin Marking Requirements for Frozen Imported Produce

**AGENCY:** Customs Service, Treasury.

**ACTION:** Notice of proposed rulemaking; solicitation of comments.

**SUMMARY:** In response to comments received concerning an Advance Notice of Proposed Rulemaking published by Customs on February 2, 1995, regarding

the need for country of origin marking requirements for frozen imported produce, and in further consideration of Customs duty to prescribe marking rules for imported merchandise when necessary, Customs proposes to amend its regulations to require that the country of origin of imported produce be marked on the front panel of packages of frozen produce in order for the marking to comply with the statutory requirement that it be in a "conspicuous place". This amendment is proposed to ensure a uniform standard for the country of origin marking of frozen produce.

**DATES:** Comments must be received on or before September 23, 1996.

**ADDRESSES:** Written comments (preferably in triplicate) may be addressed to the Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, Franklin Court, 1301 Constitution Ave., NW., Washington, DC 20229. Comments submitted may be inspected at the Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, Franklin Court, 1099 14th Street, NW., Suite 4000, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** David Cohen, Special Classification and Marking Branch, Office of Regulations and Rulings (202-482-6980).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 304 of the Tariff Act of 1930, as amended (19 U.S.C. 1304), provides that, unless excepted, every article of foreign origin (or its container) imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or its container) will permit, in such a manner as to indicate to the ultimate purchaser in the United States the English name of the country of origin of the article. Failure to mark an article in accordance with the requirements of 19 U.S.C. 1304 may result in the levy of an additional duty of ten percent *ad valorem*. Part 134, Customs Regulations (19 CFR Part 134), implements the country of origin marking requirements and exceptions of 19 U.S.C. 1304. This document concerns the correct country of origin marking for packages of frozen imported produce pursuant to 19 U.S.C. 1304 and 19 CFR part 134.

##### *Customs Ruling and Court Action*

On May 9, 1988, Norcal/Crosetti Foods, Incorporated, and other California packers of domestically-grown produce requested a ruling from Customs concerning what constituted a