

coverage whether or not the coverage is considered insurance. Creditors may use the model credit insurance disclosures only if the debt cancellation coverage constitutes insurance under state law.

\* \* \* \* \*

15. In Supplement I to Part 226, under *Appendix H—Closed-End Model Forms and Clauses*, a new sentence is added to the end of paragraph 11. to read as follows:

\* \* \* \* \*

Appendix H—Closed-End Model Forms and Clauses

\* \* \* \* \*

11. *Models H-8 and H-9*. \* \* \* The prior version of model form H-9 is substantially similar to the current version and creditors may continue to use it, as appropriate. Creditors are encouraged, however, to use the current version when reordering or reprinting forms.

\* \* \* \* \*

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, February 28, 1997.

Jennifer J. Johnson,

*Deputy Secretary of the Board.*

[FR Doc. 97-5447 Filed 3-5-97; 8:45 am]

BILLING CODE 6210-01-P

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**12 CFR Part 350**

**RIN 3064-AB98**

**Disclosure of Financial and Other Information by FDIC-Insured State Nonmember Banks**

**AGENCY:** Federal Deposit Insurance Corporation (FDIC or Corporation).

**ACTION:** Final rule.

**SUMMARY:** As part of the FDIC's systematic review of its regulations and written policies under section 303(a) of the Riegle Community Development and Regulatory Improvement Act of 1994 (CDRI), the FDIC is revising its regulation entitled "Disclosure of Financial and Other Information by FDIC-Insured State Nonmember Banks" (the Rule). The revision removes references to the obsolete savings bank Call Report. It also permits the annual report required by the Corporation's regulation on annual independent audits and reporting requirements to be used as the annual disclosure statement in certain circumstances, and updates and clarifies certain other references in the Rule.

**EFFECTIVE DATE:** April 7, 1997.

**FOR FURTHER INFORMATION CONTACT:** Doris L. Marsh, Examination Specialist,

Division of Supervision, (202) 898-8905; or Sandra Comenetz, Counsel, Legal Division, (202) 898-3582, FDIC, 550 17th Street N.W., Washington, DC 20429.

**SUPPLEMENTARY INFORMATION:**

**Background**

The FDIC is conducting a systematic review of its regulations and written policies. Section 303(a) of the CDRI (12 U.S.C. 4803(a)) requires each federal banking agency to streamline and modify its regulations and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate unwarranted constraints on credit availability. Section 303(a) also requires each federal agency to remove inconsistencies and outmoded and duplicative requirements from its regulations and written policies. Part 350 contains outdated and unnecessary language that needs to be revised or removed.

Part 350 was adopted by the FDIC Board of Directors on December 17, 1987, and published on December 31, 1987, 52 FR 49379, effective February 1, 1988. The Rule requires FDIC-supervised banks and branches of foreign banks to prepare, and make available on request, annual disclosure statements consisting of: (1) Required financial data comparable to specified schedules in Call Reports filed for the previous two year-ends; (2) information that the FDIC may require of particular organizations; and (3) other optional information. The annual disclosure statement must be prepared by March 31 of the following year, or the fifth day after an organization's annual report covering the year is sent to shareholders, whichever occurs first. In place of Call Report data, a bank may use audited financial statements or reports prepared pursuant to other regulations by the bank or a parent one-bank holding company.

**Discussion**

The contents of the annual disclosure statement listed in § 350.4(a)(1)(iv) and (v) refer in part to schedules in the Call Report for FDIC-supervised savings banks. The FDIC eliminated the separate savings bank Call Report in 1989. Therefore, these outdated references are being deleted.

The FDIC has proposed amending 12 CFR part 335 by incorporating by reference the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 rather than having its own detailed rules and regulations. (61 FR 33696) Therefore,

§ 350.5(a) is revised to refer simply to part 335 rather than to specific subsections of this regulation.

The Federal Deposit Insurance Corporation Improvement Act of 1991 added section 36 to the Federal Deposit Insurance Act. Section 36 and its implementing regulation, 12 CFR part 363, require all insured depository institutions with \$500 million or more in total assets at the beginning of their fiscal year to have an annual audit of their financial statements performed by an independent public accountant. The audited financial statements are part of an annual report that institutions subject to section 36 must prepare and submit to the FDIC. A new paragraph (d) is added to § 350.5 permitting the use of these annual reports as annual disclosure statements in certain situations.

In addition, several other wording changes have been made to improve the clarity of the regulations.

**Public Comment Waiver and Effective Date**

This regulation is being issued as a final rule. The Administrative Procedure Act, 5 U.S.C. 551 *et seq.* (APA) requires that general notice of a proposed rulemaking be published in the Federal Register. 5 U.S.C. 553(b). However, the revision of part 350 is exempt from the Federal Register publication requirement pursuant to subsection 553(b)(B). This section of the APA creates a publication exemption "when the agency for good cause finds \* \* \* that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." 5 U.S.C. 553(b)(B). The revisions to part 350 are minor and technical; therefore the notice and public comment requirements of section 553(b) are unnecessary. *Id.* In addition, the APA provides that the required publication of a substantive rule in the Federal Register shall be made not less than 30 days before its effective date. 5 U.S.C. 553(d). Part 350 would be exempt from this requirement also for good cause. The amendments are of such a nature that the public does not need a delayed period of time to conform or adjust to them. 5 U.S.C. 553(d)(3).

**Paperwork Reduction Act**

No collection of information pursuant to section 3504(h) of the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*) is required by the amendments. Therefore, no information has been submitted to the Office of Management and Budget for review.

**Regulatory Flexibility Act**

Because the revisions to part 350 are published in final form without a notice of proposed rulemaking, no regulatory flexibility analysis is required.

**Small Business Regulatory Enforcement Fairness Act**

The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) (Pub. L. 104-121) provides generally for Congressional review of final agency rules. The reporting requirement is triggered when agencies issue a final rule as defined by the Administrative Procedure Act (APA) at 5 U.S.C. 551. Because the FDIC is issuing a final rule as defined by the APA, the FDIC will file the reports required by SBREFA.

The Office of Management and Budget has determined that the revision of part 350 does not constitute a "major rule" as defined by SBREFA.

**List of Subjects in 12 CFR Part 350**

Accounting, Banks, banking, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Board of Directors of the FDIC hereby amends part 350 of chapter III of title 12 of the Code of Federal Regulations as follows:

**PART 350—DISCLOSURE OF FINANCIAL AND OTHER INFORMATION BY FDIC-INSURED STATE NONMEMBER BANKS**

1. The authority citation for part 350 continues to read as follows:

Authority: 12 U.S.C. 1817(a)(1), 1819 "Seventh" and "Tenth".

2. Section 350.3 is revised to read as follows:

**§ 350.3 Requirement for annual disclosure statement.**

(a) *Contents.* Each bank shall prepare as of December 31 and make available on request an annual disclosure statement. The statement shall contain information required by § 350.4(a) and (b) and may include other information that bank management believes appropriate, as provided in § 350.4(c).

(b) *Availability.* A bank shall make its annual disclosure statement available to the public beginning not later than the following March 31 or, if the bank mails an annual report to its shareholders, beginning not later than five days after the mailing of such reports, whichever occurs first. A bank shall make a disclosure statement available continuously until the disclosure statement for the succeeding year becomes available.

3. Section 350.4 is revised to read as follows:

**§ 350.4 Contents of annual disclosure statement.**

(a) *Financial reports.* The annual disclosure statement for any year shall reflect a fair presentation of the bank's financial condition at the end of that year and the preceding year and, except for state-licensed branches of foreign banks, the results of operations for each such year. The annual disclosure statement may, at the option of bank management, consist of the bank's entire Call Report, or applicable portions thereof, for the relevant dates and periods. At a minimum, the statement must contain information comparable to that provided in the following Call Report schedules:

(1) For insured state-chartered organizations that are not members of the Federal Reserve System:

- (i) Schedule RC (Balance Sheet);
- (ii) Schedule RC-N (Past Due and Nonaccrual, Loans, Leases, and Other Assets—column A covering financial instruments past due 30 through 89 days and still accruing and Memorandum item 1 need not be included);
- (iii) Schedule RI (Income Statement);
- (iv) Schedule RI-A (Changes in Equity Capital); and
- (v) Schedule RI-B, Part II (Changes in Allowance for Loan and Lease Losses).

(2) For insured state-licensed branches of foreign banks:

- (i) Schedule RAL (Assets and Liabilities);
- (ii) Schedule E (Deposit Liabilities and Credit Balances); and
- (iii) Schedule P (Other Borrowed Money).

(b) *Other required information.* The annual disclosure statement shall include such other information as the FDIC may require of a particular bank. This could include disclosure of enforcement actions where the FDIC deems it in the public interest to do so.

(c) *Optional information.* A bank may, at its option, provide additional information that bank management considers important to an evaluation of the overall condition of the bank. This information could include, but is not limited to, a discussion of the financial data; information relating to mergers and acquisitions; the existence of and facts relating to regulatory enforcement actions; business plans; and material changes in balance sheet and income statement items.

(d) *Disclaimer.* The following legend shall be included in every annual disclosure statement to advise the public that the FDIC has not reviewed

the information contained therein: "This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation."

4. Section 350.5 is revised to read as follows:

**§ 350.5 Alternative annual disclosure statements.**

The requirements of § 350.4(a) may be satisfied:

(a) *In the case of a bank having a class of securities registered pursuant to section 12 of the Securities Exchange Act of 1934,* by the bank's annual report to security holders for meetings at which directors are to be elected or the bank's annual report (see 12 CFR part 335);

(b) *In the case of a bank with independently audited financial statements,* by copies of the audited financial statements and the certificate or report of the independent accountant to the extent that such statements contain information comparable to that specified in § 350.4(a); and

(c) *In the case of a bank subsidiary of a one-bank holding company,* by an annual report of the one-bank holding company prepared in conformity with the regulations of the Securities and Exchange Commission or by sections in the holding company's consolidated financial statements on Form FR Y-9C pursuant to Regulation Y of the Federal Reserve Board (12 CFR part 225) that are comparable to the Call Report schedules enumerated in § 350.4(a)(1), provided that in either case not less than 95 percent of the holding company's consolidated total assets and total liabilities are assets and liabilities of the bank and the bank's consolidated subsidiaries.

(d) *In the case of a bank covered by 12 CFR part 363,* by an annual report prepared pursuant to 12 CFR 363.4. However, if the annual report is for a bank subsidiary of a holding company which provides only the consolidated financial statements of the holding company, this annual report may be used to satisfy the requirements of this part only if it is the report of a one-bank holding company and provided that not less than 95 percent of the holding company's consolidated total assets and total liabilities are assets and liabilities of the bank and the bank's consolidated subsidiaries.

5. Section 350.6 is revised to read as follows:

**§ 350.6 Signature and attestation.**

An authorized officer of the bank shall sign the annual disclosure statement. The officer shall also attest to

the correctness of the information contained in the statement if the financial reports are not accompanied by a certificate or report of an independent accountant.

6. Section 350.12 is revised to read as follows:

**§ 350.12 Disclosure required by applicable banking or securities law or regulations.**

The requirements of this part are not intended to replace or waive any disclosure required to be made under applicable banking or securities law or regulations.

By order of the Board of Directors.

Dated at Washington, D. C. this 4th day of February, 1997.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

*Deputy Executive Secretary.*

[FR Doc. 97-5510 Filed 3-5-97; 8:45 am]

BILLING CODE 6714-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 96-ANE-08; Amendment 39-9926; AD 97-04-03]

RIN 2120-AA64

**Airworthiness Directives; AlliedSignal Inc. TFE731 Series Turbofan Engines**

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD), applicable to AlliedSignal Inc. TFE731 series turbofan engines, that requires removal from service of certain first stage low pressure turbine (LPT) seal plates prior to accumulating the new, reduced cyclic life limit, and replacement with serviceable LPT seal plates. This amendment is prompted by a report that the machined LPT seal plate geometry did not meet the design intent due to drawing ambiguity. The actions specified by this AD are intended to prevent fatigue cracking and subsequent uncontained failure of an LPT seal plate.

**DATES:** Effective May 5, 1997.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of May 5, 1997.

**ADDRESSES:** The service information referenced in this AD may be obtained from AlliedSignal Aerospace, Attn: Data Distribution, M/S 64-3/2101-201, P.O.

Box 29003, Phoenix, AZ 85038-9003; telephone (602) 365-2493, fax (602) 365-5577. This information may be examined at the Federal Aviation Administration (FAA), New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:**

Joseph Costa, Aerospace Engineer, Los Angeles Aircraft Certification Office, FAA, Transport Airplane Directorate, 3960 Paramount Blvd., Lakewood, CA 90712-4137; telephone (310) 627-5246; fax (310) 627-5210.

**SUPPLEMENTARY INFORMATION:**

A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD) that is applicable to AlliedSignal Inc. TFE731 series turbofan engines was published in the Federal Register on July 10, 1996 (61 FR 36310). That action proposed to require removing from service first stage LPT seal plates, Part Number (P/N) 3073552-2 and P/N 3074053-1, prior to accumulating the new, reduced cyclic life limit of 3,700 cycles since new (CSN), and replacement with serviceable parts. The actions would be required to be accomplished in accordance with AlliedSignal Inc. Service Bulletin (SB) No. TFE731-72-3573, dated August 15, 1995. AlliedSignal Inc. SB No. TFE731-72-3001, Service Life Limits of Critical Life Limited Components, Revision 42, dated July 17, 1995, incorporates the new cyclic life limit of 3,700 CSN.

Interested persons have been afforded an opportunity to participate in the making of this amendment. No comments were received on the proposal or the FAA's determination of the cost to the public. The FAA has added a new paragraph (c) to clarify that operators may seek FAA-approval of modifications to the new life limits only through the alternative method of compliance procedure described in the AD. The FAA has determined that air safety and the public interest require the adoption of the rule with this change. The FAA has determined that this change will neither increase the economic burden on any operator nor increase the scope of the AD.

The FAA estimates that 268 engines installed on aircraft of U.S. registry will be affected by this AD, that it will take approximately 1 work hour per engine to accomplish the required actions, and that the average labor rate is \$60 per work hour. Required parts will cost approximately \$5,000 per engine. Based on these figures, the total cost impact of

the AD on U.S. operators is estimated to be \$1,356,080.

The regulations adopted herein will not have substantial direct effects 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. Therefore, in accordance with Executive Order 12612, it is determined that this final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this action (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A final evaluation has been prepared for this action and it is contained in the Rules Docket. A copy of it may be obtained from the Rules Docket at the location provided under the caption **ADDRESSES**.

**List of Subjects in 14 CFR Part 39**

Air Transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

**Adoption of the Amendment**

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

**PART 39—AIRWORTHINESS DIRECTIVES**

1. The authority citation for part 39 continues to read as follows:

Authority: 49 USC 106(g), 40113, 44701.

**§ 39.13 [AMENDED]**

2. Section 39.13 is amended by adding the following new airworthiness directive:

97-04-03 AlliedSignal Inc.: Amendment 39-9926. Docket 96-ANE-08.

*Applicability:* AlliedSignal Inc. Models TFE731-2A, -3C and -3CR series turbofan engines, with first stage low pressure turbine (LPT) seal plates, Part Number (P/N) 3073552-2 and P/N 3074053-1, installed on but not limited to the following aircraft: Cessna Model 650 Citation III and Israel Aircraft Industries Model 1125 Westwind Astra aircraft.

Note 1: This airworthiness directive (AD) applies to each engine identified in the preceding applicability provision, regardless