

Director shall exclude employees if it is determined that such exclusion is required because of a conflict of interest or appearance of a conflict of interest or because of the President's or Vice President's constitutional responsibilities, in addition to the standards set out in 5 U.S.C. 7112.

**PART 2422—REPRESENTATION PROCEEDINGS**

1. The authority citation for part 2422 is revised to read as follows:

**Authority:** 3 U.S.C. 431; 5 U.S.C. 7134.

2. In § 2422.34, paragraph (b) is revised to read as follows:

**§ 2422.34 Rights and obligations during the pendency of representation proceedings.**

\* \* \* \* \*

(b) *Unit status of individual employees.* Notwithstanding paragraph (a) of this section and except as otherwise prohibited by law, a party may take action based on its position regarding the bargaining unit status of individual employees, pursuant to 3 U.S.C. 431(d)(2), 5 U.S.C. 7103(a)(2), and 7112(b) and (c): *Provided, however,* that its actions may be challenged, reviewed, and remedied where appropriate.

**PART 2423—UNFAIR LABOR PRACTICE PROCEEDINGS**

1. The authority citation for part 2423 is revised to read as follows:

**Authority:** 3 U.S.C. 431; 5 U.S.C. 7134.

2. In § 2423.41, paragraph (c) is amended to read as follows:

**§ 2423.41 Action by the Authority; compliance with Authority decisions and orders.**

\* \* \* \* \*

(c) *Authority's order.* Upon finding a violation, the Authority shall, in accordance with 5 U.S.C. 7118(a)(7), issue an order directing the violator, as appropriate, to cease and desist from any unfair labor practice, or to take any other action to effectuate the purposes of the Federal Service Labor-Management Relations Statute. With regard to employees covered by 3 U.S.C. 431, upon finding a violation, the Authority's order may not include an order of reinstatement, in accordance with 3 U.S.C. 431(a).

\* \* \* \* \*

**PART 2470—GENERAL**

1. The authority citation for part 2470 is revised to read as follows:

**Authority:** 3 U.S.C. 431; 5 U.S.C. 7119, 7134.

2. Section 2470.1 is revised to read as follows:

**§ 2470.1 Purpose.**

The regulations contained in this subchapter are intended to implement the provisions of section 7119 of title 5 and, where applicable, section 431 of title 3 of the United States Code. They prescribe procedures and methods which the Federal Service Impasses Panel may utilize in the resolution of negotiation impasses when voluntary arrangements, including the services of the Federal Mediation and Conciliation Service or any other third-party mediator, fail to resolve the disputes. It is the policy of the Panel to encourage labor and management to resolve disputes on terms that are mutually agreeable at any stage of the Panel's procedures.

3. In § 2470.2, paragraph (a) is revised to read as follows:

**§ 2470.2 Definitions.**

(a) The terms *agency, labor organization, and conditions of employment* as used herein shall have the meaning set forth in 5 U.S.C. 7103(a). When used in connection with 3 U.S.C. 431, the term *agency* as used in the Panel's regulations means an employing office as defined in 3 U.S.C. 401(a)(4).

\* \* \* \* \*

**PART 2472—IMPASSES ARISING PURSUANT TO AGENCY DETERMINATIONS NOT TO ESTABLISH OR TO TERMINATE FLEXIBLE OR COMPRESSED WORK SCHEDULES**

1. The authority citation for part 2472 is revised to read as follows:

**Authority:** 5 U.S.C. 6131.

2. Section 2472.1 is revised to read as follows:

**§ 2472.1 Purpose.**

The regulations contained in this part are intended to implement the provisions of section 6131 of title 5 of the United States Code, but are not applicable to actions covered by section 431 of title 3 of the United States Code. They prescribe procedures and methods which the Federal Service Impasses Panel may utilize in the resolution of negotiations impasses arising from agency determinations not to establish or to terminate flexible and compressed work schedules.

Dated: June 26, 1998.

**Kevin Kopper,**

*Director, Budget & Finance Division.*

[FR Doc. 98-17503 Filed 6-30-98; 8:45 am]

BILLING CODE 6727-01-P

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. 98-ANE-29-AD]

**Airworthiness Directives; First Technology Fire and Safety Ltd. Toilet Compartment Fire Extinguishers**

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

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** This document proposes the adoption of a new airworthiness directive (AD) that is applicable to First Technology Fire and Safety Ltd. toilet compartment fire extinguishers. This proposal would require inspection of suspect fire extinguishers for leakage, and removal from service and replacement with serviceable parts if found leaking. This proposal is prompted by reports of leakage at the fire extinguisher's eutectic tip due to a design change. The actions specified by the proposed AD are intended to prevent fire extinguisher failure due to leakage, which in the event of a toilet compartment fire could result in an uncontained fire and damage to the aircraft.

**DATES:** Comments must be received by August 31, 1998.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-ANE-29-AD, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may also be submitted to the Rules Docket by using the following Internet address: "9-ad-engineprop@faa.dot.gov". Comments may be inspected at this location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Percival Aviation Ltd., The Sidings, Knowle, Fareham, Hampshire PO17 5LZ England; telephone 011 44 1329 833814, fax 011 44 1329 834013. This information may be examined at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA.

**FOR FURTHER INFORMATION CONTACT:**

Terry Fahr, Aerospace Engineer, Boston Aircraft Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; telephone (781) 238-7155, fax (781) 238-7199.

**SUPPLEMENTARY INFORMATION:****Comments Invited**

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 98-ANE-29-AD." The postcard will be date stamped and returned to the commenter.

**Availability of NPRMs**

Any person may obtain a copy of this NPRM by submitting a request to the FAA, New England Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-ANE-29-AD, 12 New England Executive Park, Burlington, MA 01803-5299.

**Discussion**

The Civil Aviation Authority (CAA), which is the airworthiness authority for the United Kingdom (UK), recently notified the Federal Aviation Administration (FAA) that an unsafe condition may exist on certain First Technology Fire and Safety Ltd. toilet compartment fire extinguishers. The CAA advises that they have received reports of leakage at the fire extinguisher's eutectic tip due to a design change. This condition, if not

corrected, could result in fire extinguisher failure due to leakage, which in the event of a toilet compartment fire could result in an uncontained fire and damage to the aircraft.

First Technology Fire and Safety Ltd. has issued Service Bulletin (SB) No. 26-110, dated January 1998, that specifies procedures for inspection of suspect fire extinguishers for leakage. The CAA classified this SB as mandatory and issued AD 007-11-97 in order to assure the safety of these fire extinguishers in the UK.

These fire extinguishers are manufactured in the UK and are certificated for operation in the United States under the provisions of Section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the CAA has kept the FAA informed of the situation described above. The FAA has examined the findings of the CAA, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.

Since an unsafe condition has been identified that is likely to exist or develop on other fire extinguishers of the same type design registered in the United States, the proposed AD would require, within 3 months after the effective date of this AD, inspection of suspect fire extinguishers for leakage, and removal from service and replacement with serviceable parts if found leaking. The UK CAA AD specified a second inspection after the initial inspection; however, the FAA has determined that a second inspection is unnecessary due to the time that has passed from the publication of the UK CAA AD to the publication of this FAA NPRM. The actions would be required to be accomplished in accordance with the SB described previously.

There are approximately 1,500 fire extinguishers of the affected design installed on the worldwide fleet. There are an unknown number of fire extinguishers installed on aircraft of U.S. registry. The FAA estimates that it would take approximately 3 minutes per fire extinguisher to accomplish the proposed actions, and that the average labor rate is \$60 per work hour. The manufacturer has advised the CAA that replacement parts would be provided at no charge to the operator. Based on these figures, the total cost impact of the proposed AD on worldwide operators is estimated to be \$4,500.

The regulations proposed herein would 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 proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this proposed regulation (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, 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 copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

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

Air transportation, Aircraft, Aviation safety, Safety.

**The Proposed Amendment**

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 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 U.S.C. 106(g), 40113, 44701.

**§ 39.13 [Amended]**

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

**First Technology Fire and Safety Ltd.:**

Docket No. 98-ANE-29-AD.

*Applicability:* First Technology Fire and Safety Ltd. toilet compartment fire extinguisher, identified by serial and model number in First Technology Fire and Safety Ltd. Service Bulletin (SB) No. 26-110, dated January 1998. These fire extinguishers are installed on but not limited to Airbus A320, A330, A340; British Aerospace Bae 146, Bombardier CL-600-2B19 (CRJ), Dornier 328 Embraer EMB 145, and all Fokker Series aircraft.

**Note 1:** This airworthiness directive (AD) applies to each fire extinguisher identified in the preceding applicability provision,

regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For fire extinguishers that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (b) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

**Compliance:** Required as indicated, unless accomplished previously.

To prevent fire extinguisher failure due to leakage, which could result in an uncontained fire and damage to the aircraft, accomplish the following:

(a) Within 3 months after the effective date of this AD, perform a one time inspection of fire extinguishers for leakage, and replace leaking fire extinguishers with serviceable parts, in accordance with First Technology Fire and Safety Ltd. SB No. 26-110, dated January 1998.

(b) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Boston Aircraft Certification Office. Operators shall submit their request through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Boston Aircraft Certification Office.

**Note 2:** Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Boston Aircraft Certification Office.

(c) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the aircraft to a location where the requirements of this AD can be accomplished.

Issued in Burlington, Massachusetts, on June 23, 1998.

Dated: June 23, 1998.

**Jay J. Pardee,**

*Manager, Engine and Propeller Directorate,  
Aircraft Certification Service*

[FR Doc. 98-17416 Filed 6-30-98; 8:45 am]

BILLING CODE 4910-13-P

## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Parts 210, 229, 240 and 249

[Release Nos. 33-7549; 34-40126; File No. S7-17-98]

RIN 3235-AH43

### Segment Reporting

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Proposed Rules.

**SUMMARY:** The Commission today proposes technical amendments to conform our reporting requirements with the Financial Accounting Standards Board's ("FASB") recently adopted Statement of Financial Accounting Standards ("SFAS") No. 131, governing disclosures relating to a business enterprise's operating segments.

**DATES:** We should receive comments by July 31, 1998.

**ADDRESSES:** Please send three copies of your comment letter to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Interested persons also may submit comments electronically at the following e-mail address: rule-comments@sec.gov. All comment letters should refer to File No. S7-17-98; please include this file number in the subject line if you use e-mail. Anyone can inspect and copy the comment letters in our public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. We will post electronically submitted comment letters on the Commission's Internet Web Site (www.sec.gov).

**FOR FURTHER INFORMATION CONTACT:**

James R. Budge, Special Counsel, Division of Corporation Finance, at (202) 942-2950, Louise M. Dorsey, Assistant Chief Accountant, Division of Corporation Finance, at (202) 942-2960, or Robert F. Lavery, Assistant Chief Accountant, Office of the Chief Accountant, at (202) 942-4400, U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

**SUPPLEMENTARY INFORMATION:** The Commission today proposes technical amendments to Rules 3-03<sup>1</sup> and 12-16<sup>2</sup> of Regulation S-X,<sup>3</sup> Items 101<sup>4</sup> and 102<sup>5</sup> of Regulation S-K,<sup>6</sup> and Schedule 14A<sup>7</sup> in order to conform our reporting requirements with the FASB's recently adopted SFAS No. 131. We also propose to make consistent changes to Form 20-F<sup>8</sup> and to Sections 501.06 and 503 of the Codification of Financial Reporting Policies ("CFRP").

### I. Background

In 1976, the FASB issued SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise." SFAS No. 14

required corporations to disclose certain financial information by "industry segment" as defined in the statement and by geographic area. In December 1977, we adopted amendments to our rules to integrate the information to be furnished under SFAS No. 14 with the narrative and financial disclosures required in various disclosure forms.<sup>9</sup>

After extensive deliberations, including solicitation of public comments, the FASB adopted a number of fundamental changes to its standards for segment reporting by publishing SFAS No. 131 in June of 1997. SFAS No. 131 superseded SFAS No. 14 and established standards for reporting information about "operating segments" of an enterprise rather than following the "industry segment" standards that were in place previously. The Commission today proposes a number of technical changes to its reporting requirements to accommodate these recent modifications. This is in keeping with our long-standing position that we will look to the private sector for the promulgation of generally accepted accounting principles ("GAAP"),<sup>10</sup> and furthers our goal of integrating existing accounting information into the narrative disclosure in documents mandated by the federal securities laws. This release explains in detail the proposed changes.

## II. Proposed Rule Changes

### A. Operating Segment Disclosure

SFAS No. 14 required, and the Commission's current rules and forms require, disclosure along "industry segment" lines. An "industry segment," as defined by SFAS No. 14, was "a component of an enterprise engaged in providing a product or service or a group of related products and services primarily to unaffiliated customers \* \* \* for a profit."<sup>11</sup> Recognizing that businesses often evaluate their operations using criteria not necessarily related to the products or services offered to the public, the FASB replaced the industry segment reporting standard with one that requires businesses to report financial information on the basis of "operating segments." Under the new accounting standard, an operating segment is a component of a business, for which separate financial information is available, that management regularly evaluates in deciding how to allocate

<sup>1</sup> 17 CFR 210.3-03.

<sup>2</sup> 17 CFR 210.12-16.

<sup>3</sup> 17 CFR Part 210.

<sup>4</sup> 17 CFR 229.101.

<sup>5</sup> 17 CFR 229.102.

<sup>6</sup> 17 CFR Part 229.

<sup>7</sup> 17 CFR 240.14a-101.

<sup>8</sup> 17 CFR 249.220f.

<sup>9</sup> Release No. 33-5893 (December 23, 1977) [42 FR 65554].

<sup>10</sup> Section 101 of the Codification of Financial Reporting Policies. The Commission initially issued its administrative policy concerning financial statements in 1938 and updated it in 1973 to recognize the establishment of the FASB.

<sup>11</sup> SFAS No. 14, ¶ 10.a.