

Proposed Rules

Federal Register

Vol. 63, No. 214

Thursday, November 5, 1998

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Organization and Operations of Federal Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of proposed rulemaking.

SUMMARY: The NCUA Board proposes to amend its regulation dealing with newly chartered and troubled credit unions that requires prior notice of the appointment or employment of directors and senior officers. The proposed amendment clarifies when the notice period commences and when the new director or senior officer may begin service. This action is in accordance with section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

Additionally, the NCUA Board has adopted a new rating system for corporate credit unions, the Corporate Risk Information System (CRIS). The proposed amendment clarifies that the definition of a "troubled" corporate credit union will be based on CRIS, or on CAMEL for those state-chartered corporate credit unions in states that do not adopt CRIS. Clarification is also added to reflect that corporate credit unions should submit notices of changes in officials or senior management to the Director of the Office of Corporate Credit Unions.

DATES: Comments must be received on or before February 3, 1999.

ADDRESSES: Direct comments 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. Please send comments by one method only.

FOR FURTHER INFORMATION CONTACT: Margaret E. McPartlin, Trial Attorney, Litigation Division, Office of General Counsel, at the above address or telephone: (703) 518-6566 or David A.

Shetler, Corporate Program Specialist, Office of Corporate Credit Unions, at the above address or telephone: (703) 518-6646.

SUPPLEMENTARY INFORMATION:

Background

NCUA has a policy of periodically reviewing its regulations to "update, clarify and simplify existing regulations and eliminate redundant and unnecessary provisions."

IRPS 87-2, Developing and Reviewing Government Regulations. 52 FR 35231 (September 18, 1987). As part of its regulatory review program, NCUA reviewed § 701.14 of its regulation, 12 CFR 701.14, to determine whether the language of the regulation was clear and effective. Section 701.14 of NCUA's Regulations requires that federally insured credit unions which have been chartered less than two years or fall within the regulatory definition of a "troubled credit union," file a notice with NCUA prior to adding or replacing a member of the board of directors or a committee member, or employing or changing the responsibilities of an individual to a position as a senior executive officer. As a result of NCUA review and questions from credit unions, as well as our regional office staff, the Board proposes this amendment to clarify the language contained in § 701.14(d)(1).

There has been confusion as to when the Regional Director accepts the notice of a proposed change in an official or senior officer; how long the Regional Office has to process the notice; and when the official or senior officer may commence work. The proposed amendment clarifies the language in § 701.14(d)(1) to provide that the Regional Director will determine when the notice is complete. The proposal would provide the Regional Director with up to ten working days to make this determination. The Regional Director can ask for additional information if a notice is incomplete. Once the Regional Director has a complete notice, the credit union will receive written notification that the complete notice is ready for processing. The Regional Director then has up to 30 calendar days to issue a decision approving or disapproving the proposed official or senior officer. If after the expiration of the 30 days the Regional Director has not issued written

notification of approval or disapproval, the official or senior officer is considered approved and service may begin.

The NCUA Board has adopted the new CRIS rating system for corporate credit unions. The proposed amendment clarifies that a CRIS rating of 4 or 5 will be one of the conditions that defines a "troubled" federal corporate credit union. As is the case for all federally insured state credit unions in the present rule, the rating assigned by the state supervisor is utilized in determining the definition of a "troubled" federally insured, state-chartered corporate credit union. Language is added to clarify that a 4 or 5 CAMEL composite rating by the state supervisor will be a condition that defines a "troubled" federally insured, state-chartered corporate credit union, unless that state has adopted the CRIS system. If the state has not adopted either system, NCUA will determine and apply a CRIS rating using the corporate credit union's core exam workpapers.

The existing language of § 701.14 does not indicate that corporate credit unions should submit notices of changes in officials or senior management to the Director of the Office of Corporate Credit Unions (OCCU). Language has been added to the proposed amendment to clarify that corporate credit unions will submit notices to the Director of OCCU and that the Director of OCCU will be the NCUA official that takes action on such notices.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact any proposed regulation may have on a substantial number of small entities (primarily those under \$1 million in assets). The NCUA Board has determined and certifies that the proposed rule, if adopted, will not have a significant economic impact on a substantial number of small credit unions. Accordingly, the Board has determined that a Regulatory Flexibility Analysis is not required.

Paperwork Reduction Act

NCUA has determined that the proposed rule does not increase paperwork requirements under the

Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. NCUA has determined that the proposed amendment does not constitute a significant regulatory action for the purposes of the Executive Order.

List of Subjects in 12 CFR Part 701

Credit unions, Senior executive officials.

By the National Credit Union Administration Board on October 26, 1998.

Becky Baker,

Secretary of the Board.

For the reasons set forth in the preamble, it is proposed that 12 CFR part 701 be amended as follows:

PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

1. The authority citation for part 701 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1787, and 1789. Section 701.6 is also authorized by 31 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 et seq., 42 U.S.C. 1861 and 42 U.S.C. 3601–3610. Section 701.35 is also authorized by 42 U.S.C. 4311–4312.

2. Section 701.14 is amended as follows:

- a. Revise the introductory text of paragraph (b)(3) and add paragraph (b)(4).
- b. Revise paragraph (c)(2).
- c. Amend paragraph (d)(1) by adding two new sentences after the first sentence and by removing the last three sentences and adding five sentences.

The revisions and additions to § 701.14 read as follows:

§ 701.14 Change in official or senior executive officer in credit unions that are newly chartered or are in troubled condition.

* * * * *

(b) * * *

(3) Except as provided in paragraph (4) of this section for corporate credit unions, “troubled condition” means any insured credit union that has one or a combination of the following conditions:

* * * * *

(4) In the case of a corporate credit union, *troubled condition* means any insured corporate credit union that has one or a combination of the following conditions:

(i) Has been assigned:

(A) A 4 or 5 Corporate Risk Information System (CRIS) rating in either the Financial Risk or Risk Management composites by NCUA for a federal corporate credit union, or

(B) An equivalent 4 or 5 CAMEL composite rating by the state supervisor in the case of a federally insured, state-chartered corporate credit union, or an equivalent 4 or 5 CRIS rating in either the Financial Risk or Risk Management composites by the state supervisor in the case of a federally insured, state-chartered corporate credit union in those states that have adopted the CRIS system, or

(C) A 4 or 5 CRIS rating in either the Financial Risk or Risk Management composites by NCUA based on core workpapers received from the state supervisor in the case of a federally insured, state-chartered credit union in a state that does not use either the CAMEL or CRIS systems. In this case, the state supervisor will be notified in writing by the Director of the Office of Corporate Credit Unions that the corporate credit union has been designated by NCUA as a troubled institution;

* * * * *

(c) * * *

(2) The credit union meets the definition of troubled condition as set forth in paragraph (b) (3) or (4) of this section.

* * * * *

(d) *Procedures for notice of proposed change in official or senior executive officer.—*(1) *Filing and acceptance.*

* * * In the case of a corporate credit union, notice shall be filed with the Director of the Office of Corporate Credit Unions. Additional references herein to Regional Director will, for corporate credit unions, mean the Director of the Office of Corporate Credit Unions. * * * Within ten business days the Regional Director will review the notice and determine whether the notice is complete. If the notice is not complete, the Regional Director can request additional information. The credit union will receive written notification of the date that the notice is deemed complete and ready for processing. Within 30 calendar days from the date a notice is deemed complete, the Regional Director will send a written notification to the individual and the credit union of disapproval or approval of the proposed official or employee. If the Regional Director fails to issue a written notification within 30 calendar days, the

individual is considered approved and service may begin.

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[FR Doc. 98–29196 Filed 11–4–98; 8:45 am]

BILLING CODE 7535–01–U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98–ANE–66–AD]

RIN 2120–AA64

Airworthiness Directives; Pratt & Whitney PW4000 Series Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This proposal would require revisions to the Time Limits Section (TLS) of the manufacturer’s Engine Manuals (EMs) for Pratt & Whitney (PW) PW4000 series turbofan engines to include required enhanced inspection of selected critical life-limited parts at each piece-part exposure. This proposal would also require an air carrier’s approved continuous airworthiness maintenance program to incorporate these inspection procedures. Air carriers with an approved continuous airworthiness maintenance program would be allowed to either maintain the records showing the current status of the inspections using the record keeping system specified in the air carrier’s maintenance manual, or establish an acceptable alternate method of record keeping. This proposal is prompted by an FAA study of in-service events involving uncontained failures of critical rotating engine parts which indicated the need for improved inspections. The improved inspections are needed to identify those critical rotating parts with conditions, that if allowed to continue in service, could result in uncontained failures. The actions specified by this proposed AD are intended to prevent critical life-limited rotating engine part failure, which could result in an uncontained engine failure and damage to the airplane.

DATES: Comments must be received by February 3, 1999.

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–66–AD, 12 New England Executive Park,