

argued that the existence of the leverage capital requirement placed domestic institutions at a competitive disadvantage relative to broker-dealers and foreign banking organizations that were not subject to minimum leverage requirements. In the absence of elimination of the leverage ratio, however, these commenters supported the proposed reduction of the minimum required leverage ratio for bank holding companies that have adopted the market risk capital rule. These commenters also requested that the Agencies: (a) apply the leverage ratio reduction to banks that have adopted the market risk capital rule; and (b) exclude the leverage ratio requirement entirely from the prompt corrective action guidelines for banks.

Final Rule

The Board has determined to adopt a final rule that is consistent with the original proposal with respect to the bank holding company leverage capital standard. The final rule provides that the minimum Tier 1 leverage ratio for the most highly-rated bank holding companies, as well as those that have implemented the market risk capital rule, is 3.0 percent. The minimum leverage ratio for all other bank holding companies is 4.0 percent. The final rule also incorporates certain changes in wording to adjust for these new provisions. These stylistic changes are not intended to alter in any substantial way the other provisions of the leverage capital standard for bank holding companies. The Board acknowledges commenter concerns about the usefulness of the leverage ratio as a supervisory tool for those institutions that have adopted the market risk capital measure. Although further modifications to the leverage ratio are beyond the scope of this final rule, the Board may consider whether the leverage requirements should be further modified in the future.

Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act, the Board has determined that this final rule would not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). The effect of the final rule will be to reduce regulatory burden on bank holding companies by simplifying the Tier 1 leverage standard. The most highly-rated bank holding companies, as well as those that have adopted the market risk capital rule, will be required to meet a lower leverage capital standard under this rule. Accordingly, a

regulatory flexibility analysis is not required.

Paperwork Reduction Act

The Board has determined that the final rule does not involve a collection of information pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Deferred Effective Date

The Board has determined that the delayed effective date requirements of the Administrative Procedure Act (5 U.S.C. 553) do not apply with respect to this final rule. A delayed effective date is not required with respect to agency action that relieves a restriction (5 U.S.C. 553(d)(1)). Because this final rule would relieve a restriction on certain bank holding companies and would not impose any new restrictions on bank holding companies, the Board concludes that the requirements of section 553 do not apply to this final rule.

List of Subjects in 12 CFR Part 225

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

For the reasons set forth in the preamble, part 225 of chapter II of title 12 of the Code of Federal Regulations is amended as set forth below.

PART 225—BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)

1. The authority citation for part 225 is revised to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331-3351, 3907, and 3909.

2. In appendix D to part 225, section II.a. is revised to read as follows:

Appendix D To Part 225—Capital Adequacy Guidelines for Bank Holding Companies: Tier 1 Leverage Measure

* * * * *

II. * * *
 a. The Board has established a minimum ratio of Tier 1 capital to total assets of 3.0 percent for strong bank holding companies (rated composite "1" under the BOPEC rating system of bank holding companies), and for bank holding companies that have implemented the Board's risk-based capital measure for market risk as set forth in appendices A and E of this part. For all other bank holding companies, the minimum ratio of Tier 1 capital to total assets is 4.0 percent. Banking organizations with supervisory, financial, operational, or managerial weaknesses, as well as organizations that are anticipating or experiencing significant

growth, are expected to maintain capital ratios well above the minimum levels. Moreover, higher capital ratios may be required for any bank holding company if warranted by its particular circumstances or risk profile. In all cases, bank holding companies should hold capital commensurate with the level and nature of the risks, including the volume and severity of problem loans, to which they are exposed.

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By order of the Board of Governors of the Federal Reserve System, May 29, 1998.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 98-14808 Filed 6-3-98; 8:45 am]

BILLING CODE 6210-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 97-CE-09-AD; Amendment 39-10558; AD 98-12-01]

RIN 2120-AA64

Airworthiness Directives; Pilatus Aircraft Ltd. Models PC-6, PC-6/A, PC-6/B, and PC-6/C Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD) that applies to certain Pilatus Aircraft Ltd. (Pilatus) Models PC-6, PC-6/A, PC-6/B, and PC-6/C series airplanes equipped with turbo-prop engines. This AD requires modifying the fuel system to improve the venting between the collector tank, the main wing tanks, and the engine. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Switzerland. The actions specified by this AD are intended to prevent engine fuel starvation during maximum climb and descent caused by poor fuel tank venting with low fuel levels, which could result in a loss of engine power during critical phases of flight.

DATES: Effective July 13, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of July 13, 1998.

ADDRESSES: Service information that applies to this AD may be obtained from Pilatus Aircraft Ltd., Customer Liaison Manager, CH-6370 Stans, Switzerland; telephone: +41 41-6196 233; facsimile: +41 41-6103 351. This information may also be examined at the Federal

Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 97-CE-09-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106; or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Mr. Roman T. Gabrys, Aerospace Engineer, FAA, Small Airplane Directorate, Airplane Certification Service, 1201 Walnut, suite 900, Kansas City, Missouri 64106; telephone: (816) 426-6934; facsimile: (816) 426-2169.

SUPPLEMENTARY INFORMATION:

Events Leading to the Issuance of This AD

A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would apply to certain Pilatus PC-6, PC-6/A, PC-6/B, and PC-6/C series airplanes was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on March 25, 1998 (63 FR 14385). The NPRM proposed to require modifying the airplane's fuel venting system. Accomplishment of the proposed action as specified in the NPRM would be in accordance with Pilatus PC-6 Service Bulletin No. PC-6-SB-171, dated October 18, 1995.

The NPRM was the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Switzerland.

Interested persons have been afforded an opportunity to participate in the making of this amendment. No comments were received on the proposed rule or the FAA's determination of the cost to the public.

The FAA's Determination

After careful review of all available information related to the subject presented above, the FAA has determined that air safety and the public interest require the adoption of the rule as proposed except for minor editorial corrections. The FAA has determined that these minor corrections will not change the meaning of the AD and will not add any additional burden upon the public than was already proposed.

Differences Between the Service Information, the Federal Office for Civil Aviation (FOCA) AD, and This AD Action

The manufacturer recommends the modification of the fuel venting system and the insertion of a temporary revision to the AFM, and FOCA of Switzerland requires the temporary AFM insertion and the modification of

the fuel venting system for airplanes operated in Switzerland. The FOCA of Switzerland requires the AFM revision be accomplished prior to further flight and requires the revision to remain in the AFM until the venting modification is accomplished. The FOCA of Switzerland additionally requires that the modification be accomplished within 90 days from receipt of the service bulletin.

The FAA will not require insertion of the temporary AFM revision; however, the FAA will require the modification of the fuel venting system at the calendar compliance time that is required by the FOCA of Switzerland.

Cost Impact

The FAA estimates that 29 airplanes in the U.S. registry will be affected by this AD, that it will take approximately 10 workhours per airplane to accomplish this action, and that the average labor rate is approximately \$60 an hour. Parts cost approximately \$614 per airplane. Based on these figures, the total cost impact of this AD on U.S. operators is estimated to be \$35,206, or \$1,214 per airplane.

Compliance Time of This AD

Since the airplane's poor fuel tank venting causes engine fuel starvation during flights at maximum climb and decent, this unsafe condition is not a result of the number of times the airplane is operated. The chance of this situation occurring is the same for an airplane with 10 hours time-in-service (TIS) as it would be for an airplane with 500 hours TIS. For this reason, the FAA has determined that a compliance based on calendar time should be utilized in this AD in order to assure that the unsafe condition is addressed on all airplanes in a reasonable time period.

Regulatory Impact

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 copy of the final 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, 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 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding a new airworthiness directive (AD) to read as follows:

98-12-01 Pilatus Aircraft Ltd: Amendment 39-10558; Docket No. 97-CE-09-AD.

Applicability: Models PC-6, PC-6-H1, PC-6-H2, PC-6/350, PC-6/350-H1, PC-6/350-H2, PC-6/A, PC-6/A-H1, PC-6/A-H2, PC-6/B-H2, PC-6/B1-H2, PC-6/B2-H2, PC-6/B2-H4, PC-6/C-H2, and PC-6/C1-H2 airplanes, serial numbers 001 through 915, certificated in any category, that are equipped with turbo-prop engines.

Note 1: This AD applies to each airplane 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 airplanes 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 (c) 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 within the next 3 calendar months after the effective date of this AD, unless already accomplished.

To prevent engine fuel starvation during maximum climb and descent caused by poor fuel tank venting with low fuel levels, which could result in a loss of engine power during critical phases of flight, accomplish the following:

(a) Modify the fuel venting system in accordance with the Accomplishment

Instructions section in Pilatus PC-6 Service Bulletin No. PC-6-SB-171, dated October 18, 1995.

(b) 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 airplane to a location where the requirements of this AD can be accomplished.

(c) An alternative method of compliance or adjustment of the compliance time that provides an equivalent level of safety may be approved by the Manager, Small Airplane Directorate, 1201 Walnut, suite 900, Kansas City, Missouri 64106. The request shall be forwarded through an appropriate FAA Maintenance Inspector, who may add comments and then send it to the Manager, Small Airplane Directorate.

Note 2: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Small Airplane Directorate.

(d) Questions or technical information related to Pilatus Service Bulletin No. PC-6-SB-171, dated October 18, 1995, should be directed to Pilatus Aircraft Ltd., Customer Liaison Manager, CH-6370 Stans, Switzerland; telephone: +41 41-6196 233; facsimile: +41 41-6103 351. This service information may be examined at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

(e) The modification required by this AD shall be done in accordance with Pilatus Service Bulletin No. PC-6-SB-171, dated October 18, 1995. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from Pilatus Aircraft Ltd., Customer Liaison Manager, CH-6370 Stans, Switzerland. Copies may be inspected at the FAA, Central Region, Office of the Regional Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri, or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

Note 3: The subject of this AD is addressed in Swiss AD HB 95-451, dated November 1, 1995.

(f) This amendment becomes effective on July 13, 1998.

Issued in Kansas City, Missouri, on May 22, 1998.

Michael Gallagher,

Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 98-14607 Filed 6-3-98; 8:45 am]

BILLING CODE 4910-13-U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 98-CE-09-AD; Amendment 39-10561; AD 98-12-04]

RIN 2120-AA64

Airworthiness Directives; Glaser-Dirks Flugzeugbau GmbH Model DG-500M Gliders

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD) that applies to all Glaser-Dirks Flugzeugbau GmbH (Glaser-Dirks) Model DG-500M gliders. This AD requires installing a rudder gap seal and modifying the cooling liquid reservoir mount. This AD is the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Germany. The actions specified by this AD are intended to prevent rudder vibrations caused by flow separation at the rudder gap, which could result in flutter with consequent loss of rudder control.

DATES: Effective July 21, 1998.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of July 21, 1998.

ADDRESSES: Service information that applies to this AD may be obtained from DG Flugzeugbau GmbH, Postfach 4120, D-76625 Bruchsal 4, Germany; telephone: +49 7257-89-0; facsimile: +49 7257-8922. This information may also be examined at the Federal Aviation Administration (FAA), Central Region, Office of the Regional Counsel, Attention: Rules Docket No. 98-CE-09-AD, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Mr. Mike Kiesov, Aerospace Engineer, Small Airplane Directorate, Aircraft Certification Service, FAA, 1201 Walnut, suite 900, Kansas City, Missouri 64106; telephone: (816) 426-6934; facsimile: (816) 426-2169.

SUPPLEMENTARY INFORMATION:

Events Leading to the Issuance of This AD

A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an AD that would

apply to all Glaser-Dirks Model DG-500M gliders was published in the **Federal Register** as a notice of proposed rulemaking (NPRM) on March 20, 1998 (63 FR 13581). The NPRM proposed to require installing a rudder gap seal and modifying the cooling liquid reservoir mount. Accomplishment of the proposed installation as specified in the NPRM would be required in accordance with the maintenance manual. Accomplishment of the proposed modification to the cooling liquid reservoir mount as specified in the NPRM would be required in accordance with Glaser-Dirks Working Instruction No. 1 for TN 843/5, dated November 5, 1992, as referenced in Glaser-Dirks TN No. 843/5, dated November 30, 1992.

The NPRM was the result of mandatory continuing airworthiness information (MCAI) issued by the airworthiness authority for Germany.

Interested persons have been afforded an opportunity to participate in the making of this amendment. No comments were received on the proposed rule or the FAA's determination of the cost to the public.

The FAA's Determination

After careful review of all available information related to the subject presented above, the FAA has determined that air safety and the public interest require the adoption of the rule as proposed except for minor editorial corrections. The FAA has determined that these minor corrections will not change the meaning of the AD and will not add any additional burden upon the public than was already proposed.

Compliance Time of This AD

Although the rudder vibrations identified in this AD occur during flight, this unsafe condition is not a result of the number of times the glider is operated. The chance of this situation occurring is the same for a glider with 10 hours time-in-service (TIS) as it is for a glider with 500 hours TIS. For this reason, the FAA has determined that a compliance based on calendar time should be utilized in this AD in order to assure that the unsafe condition is addressed on all gliders in a reasonable time period.

Cost Impact

The FAA estimates that 5 gliders in the U.S. registry will be affected by this AD, that it will take approximately 4 workhours per glider to accomplish this action, and that the average labor rate is approximately \$60 an hour. Parts cost approximately \$40 per glider. Based on these figures, the total cost impact of