

and sound manner and comply with applicable law.

The FDIC received three comments on the Interim Rule from trade- and research-based organizations. Generally, the commenters supported the Interim Rule, and lauded the FDIC for recognizing the importance of financial education programs, particularly for those individuals with little or no experience using bank-provided services. The commenters expressed no concerns regarding the Interim Rule, and they proposed no substantive or technical revisions. However, the FDIC has made a technical, nonsubstantive change to paragraph (a) of 12 CFR 303.41, which involved moving the reference to the financial education program exception provided in 12 CFR 303.46 to the sentence that lists the other exceptions to the definition of branch. Except for this change, the final rule is identical to the Interim Rule.

2. Final Rule

The final rule excludes from the definition of branch any financial education program operated on school premises or a facility used by a school, where, in connection with the program, deposits are received, checks are paid, or money is lent, subject to certain conditions.⁶ As provided in this rule, the principal purpose of the program must be financial education, and not for the purpose of profit-making. Further, any banking services provided in connection with the program must be provided at the discretion of the school. The FDIC expects that such services would be limited in nature; available only to students, parents, and faculty; and accessible on a part-time basis or designated school days. The program must be conducted in a safe and sound manner and comply with applicable law.

Regulatory Analysis and Procedure

A. Administrative Procedure Act

Section 553(d) of the Administrative Procedure Act (APA) requires the FDIC to publish a substantive rule at least 30 days before its effective date unless, under subsection (d)(1), the rule establishes or recognizes an exemption or relieves a restriction.⁷ This final rule establishes an exemption from the definition of branch provided in 12 CFR part 303, subpart C, which has the effect of permitting state nonmember banks to

⁶ This exemption is consistent with a regulation promulgated by the Office of the Comptroller of the Currency in 2001 which exempts from the definition of branch a national bank's participation in a financial literacy program conducted on school premises. 12 CFR 7.1021.

⁷ See 5 U.S.C. 553(d).

participate in certain financial education programs conducted on school premises without having to submit a branch application to, and receive prior approval from, the FDIC. Therefore, the FDIC is not required to publish this final rule in the **Federal Register** at least 30 days before its effective date.

B. Regulatory Flexibility Analysis

The Regulatory Flexibility Act (RFA) requires an agency that is issuing a proposed rule to prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of a proposed rule on small entities.⁸ Because this rulemaking does not involve the issuance of a notice of proposed rulemaking, the requirements of the RFA for a final regulatory flexibility analysis do not apply.⁹

C. Paperwork Reduction Act

The FDIC has determined that this final rule does not involve a collection of information pursuant to the provisions of the Paperwork Reduction Act of 1995.¹⁰

List of Subjects in 12 CFR Part 303

Banks, Banking, State nonmember banks, Filing procedures, Establishment and relocation of domestic branches and offices, Financial education programs.

Authority and Issuance

■ For the reasons set forth in the preamble, part 303 of chapter III of title 12 of the Code of Federal Regulations is amended as follows:

PART 303—FILING PROCEDURES

■ 1. The authority citation for part 303 continues to read as follows:

Authority: 12 U.S.C. 378, 1813, 1815, 1817, 1818, 1823, 1819 (Seventh and Tenth), 1820, 1823, 1828, 1831a, 1831e, 1831o, 1831p-1, 1831w, 1835a, 1843(1), 3104, 3105, 3108, 3207, 15 U.S.C. 1601-1607.2.

■ 2. In § 303.41, revise paragraph (a) to read as follows:

§ 303.41 Definitions.

* * * * *

(a) *Branch*, except as provided in this paragraph, includes any branch bank, branch office, additional office, or any branch place of business located in any State of the United States or in any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the

⁸ See 5 U.S.C. 603(a).

⁹ See 5 U.S.C. 604.

¹⁰ 44 U.S.C. 3501 *et seq.*

Virgin Islands, and the Northern Mariana Islands at which deposits are received or checks paid or money lent. A branch does not include an automated teller machine, an automated loan machine, a remote service unit, or a facility described in section 303.46. The term branch also includes the following:

* * * * *

■ 3. A new § 303.46 is added to subpart C to read as follows:

§ 303.46 Financial Education Programs that Include the Provision of Bank Products and Services.

No branch application or prior approval is required in order for a state nonmember bank to participate in one or more financial education programs that involve receiving deposits, paying withdrawals, or lending money if:

(a) Such service or services are provided on school premises, or a facility used by the school;

(b) Such service or services are provided at the discretion of the school;

(c) The principal purpose of each program is financial education. For example, the principal purpose of a program would be considered to be financial education if the program is designed to teach students the principles of personal financial management, banking operations, or the benefits of saving for the future, and is not designed for the purpose of profit-making; and

(d) Each program is conducted in a manner that is consistent with safe and sound banking practices and complies with applicable law.

By Order of the Board of Directors.

Dated at Washington, DC, the 18th day of September, 2008.

Federal Deposit Insurance Corporation.

Valerie J. Best,

Assistant Executive Secretary.

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FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Parts 303, 308, and 309

RIN 3064-AD25

Deposit Insurance Requirements After Certain Conversions; Definition of "Corporate Reorganization;" Optional Conversions ("Oakar Transactions"); Additional Grounds for Disapproval of Changes in Control; and Disclosure of Certain Supervisory Information

AGENCY: Federal Deposit Insurance Corporation.

ACTION: Final rule.

SUMMARY: The FDIC is issuing a final rule that amends certain of its regulations by conforming them to Federal statutes amended by the Financial Services Regulatory Relief Act of 2006, the Federal Deposit Insurance Reform Act of 2005 and the Federal Deposit Insurance Reform Conforming Amendments Act of 2005. On January 14, 2008, the FDIC adopted, an interim rule and requested public comment on, amendments to its regulations to implement such changes. Having received no comments on the interim rule, the FDIC is confirming the interim rule as final without change.

DATES: Effective September 25, 2008, the interim rule published January 14, 2008 (73 FR 2143) is confirmed as final without change.

FOR FURTHER INFORMATION CONTACT:

Brett A. McCallister, Review Examiner (816) 234-8099 x4223, in the Division of Supervision and Consumer Protection; or Ryan K. Clougherty, Attorney, (202) 898-3843, Richard Bogue, Counsel, (202) 898-3726, or Robert C. Fick, Counsel, (202) 898-8962, in the Legal Division.

SUPPLEMENTARY INFORMATION:

I. Background

On October 13, 2006, the President signed into law the Financial Services Regulatory Relief Act of 2006 (“FSRRA”).¹ The stated purpose of FSRRA is to reduce regulatory burden and improve productivity for financial institutions. Several provisions of FSRRA amend statutes that the FDIC has implemented through its Rules and Regulations (“Rules”).² Additionally, Congress enacted the Federal Deposit Insurance Reform Act of 2005 (“Reform Act”)³ and the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (“Amendments Act”),⁴ which consolidated the two former deposit insurance funds into a single deposit insurance fund.

In January of 2008, the FDIC adopted an interim rule, and requested public comment on, amendments to its rules to conform them to Federal statutes as amended by the FSRRA, the Reform Act and the Amendments Act. Having received no comments, the FDIC is now issuing a final rule that is identical to the interim rule.

II. Regulatory Amendments

A. Deposit Insurance Requirements After Certain Conversions

Section 5(i)(5) of the Home Owners’ Loan Act (“HOLA”)⁵ generally authorizes any Federal savings association that was chartered and in operation before November 12, 1999 and that had branches in one or more states, to convert into one or more national or state banks, each of which may encompass one or more of the existing branches. Section 608(a) of FSRRA amended section 5(i)(5) of the HOLA to require that if such a conversion results in more than one national or state bank, each resulting bank must obtain deposit insurance from the FDIC pursuant to section 5(a) of the Federal Deposit Insurance Act (“FDI Act”).⁶

Subpart B of Part 303 of the FDIC’s Rules sets forth the procedures for applying for deposit insurance. Section 303.20 describes the scope of subpart B to include applications for deposit insurance for, among other institutions, proposed depository institutions. The final rule amends section 303.20 to expressly confirm the applicability of subpart B of Part 303 to banks that result from conversions of Federal savings associations under section 5(i)(5) of the HOLA.

B. Definition of Corporate Reorganization

Section 606 of the FSRRA made two changes to the Bank Merger Act⁷ with respect to mergers that solely involve an insured depository institution and one or more of its affiliates (“Affiliate Mergers”). First, for Affiliate Mergers, section 606 amended section 18(c)(4) of the FDI Act⁸ by eliminating the requirement that the appropriate Federal banking agency request competitive factors reports from either the other Federal banking agencies or the Attorney General of the United States.⁹ Prior to FSRRA the responsible Federal banking agency had to request competitive factors reports for Affiliate Mergers. Second, section 606 revised section 18(c)(6) of the FDI Act¹⁰ by eliminating the post-approval waiting period for Affiliate Mergers. Prior to FSRRA the applicant in an Affiliate Merger had to wait up to thirty days after obtaining the agency’s approval

before it could consummate the transaction.

The FDIC’s regulations at 12 CFR 303.61(b), formerly provided a definition of “corporate reorganization” that identified a class of mergers that generally do not raise competitive concerns and, therefore, do not require the same level of competitive analysis as other mergers subject to the Bank Merger Act. Such mergers are less burdensome on applicants. 12 CFR 303.61(b) defined “corporate reorganization” to include (i) mergers between an insured institution and its subsidiary or its holding company and (ii) mergers between institutions and entities that were “commonly-owned.” Institutions were “commonly-owned” if more than 50% of the voting stock of each is owned by the same entity. The changes made by section 606 of the FSRRA, however, indicate that there are no competitive concerns for a class of mergers that is broader than the class identified by the FDIC’s Rule as corporate reorganizations. Specifically, FSRRA indicates that there are no competitive concerns for mergers that solely involve an insured depository institution and one or more affiliates. While the term “corporate reorganization” is only used in subpart D as one of several illustrative examples of the types of mergers covered by the Bank Merger Act, the definition could cause confusion as to how it relates to Affiliate Mergers.

The final rule amends the definition of “corporate reorganization” found at 12 CFR 303.61(b) in order to conform it to the changes made by FSRRA and to avoid confusion about the need for competitive analyses and post-approval waiting periods for any merger that solely involves an insured depository institution and one or more of its affiliates.

C. Optional Conversions

Before it was repealed, the former section 5(d)(3) of the FDI Act¹¹ generally authorized a member of one insurance fund to merge with a member of the other fund without changing the funds that insured the deposits of the two institutions. This type of merger was referred to as an “Optional Conversion” in both section 5(d)(3) of the FDI Act and in section 303.63(d) of the FDIC’s Rules; it was also commonly known as an “Oakar Transaction.” Section 303.63(d) of the FDIC’s Rules formerly required the applicant in an Optional Conversion to identify the

⁵ 12 U.S.C. 1464(i)(5).

⁶ 12 U.S.C. 1815(a).

⁷ 12 U.S.C. 1828(c).

⁸ 12 U.S.C. 1828(c)(4).

⁹ Notwithstanding this change, the responsible Federal banking agency retains the ability to request competitive factors reports if the circumstances warrant.

¹⁰ 12 U.S.C. 1828(c)(6).

¹¹ 12 U.S.C. 1815(d)(3) (repealed 2006).

¹ Pub. L. 109-351, 12 STAT. 1966 (Oct. 13, 2006).

² Chapter III of Title 12 of the Code of Federal Regulations.

³ Pub. L. 109-171, 120 STAT. 9 (Feb. 8, 2006).

⁴ Pub. L. 109-173, 119 STAT. 3601 (Feb. 15, 2006).

merger as an "Optional Conversion" in its application.

On March 31, 2006, pursuant to the Reform Act and the Amendments Act, the former Savings Association Insurance Fund ("SAIF") and the former Bank Insurance Fund ("BIF") were consolidated into a single fund, the Deposit Insurance Fund. In addition, the Amendments Act repealed section 5(d)(3) of the FDI Act effective with the merger of the two funds.¹² Following the consolidation of the two funds into one by the Reform Act and the repeal of section 5(d)(3) of the FDI Act by the Amendments Act, Optional Conversions are no longer possible. The final rule amends section 303.63 by removing paragraph (d) *Optional conversions*. The removed paragraph formerly read as follows:

(d) *Optional conversions*. If the proposed merger transaction is an optional conversion, the merger application shall include a statement that the proposed merger transaction is a transaction covered by section 5(d)(3) of the FDI Act (12 U.S.C. 1815(d)(3)).

D. Additional Grounds for Disapproval of a Change in Control

Section 705 of FSRRA amended section 7(j)(7) of the FDI Act¹³ by adding an additional ground for the disapproval of a proposed acquisition of control of a bank. The additional ground for disapproval is if the future prospects of the institution might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank.

Section 308.111 of the FDIC's Rules lists the statutory grounds for disapproval of a proposed acquisition of control of an insured state nonmember bank. The final rule amends section 308.111(c) to reflect the addition of unfavorable future prospects of the institution as a ground for disapproval of a proposed acquisition under the FSRRA.

E. Disclosure of Certain Supervisory Information

Section 707 of FSRRA amended section 7(a)(2) of the FDI Act¹⁴ by adding a new subsection (C) that expanded the authority of the Federal banking agencies to furnish examination reports and other confidential supervisory information to (1) any other Federal and State agencies with supervisory or regulatory authority over the depository institution or entity, (2) officers, directors and receivers of such

depository institution or entity, and (3) any other person that the Federal banking agency determines to be appropriate.

Part 309 of the FDIC's Rules governs the disclosure of confidential information. Paragraph (b)(3) of section 309.6 entitled "Disclosure of exempt records," previously authorized the disclosure of exempt records to Federal financial institution supervisory agencies and certain other agencies.

Since section 707 of FSRRA authorized additional disclosures of certain supervisory information, the final rule amends section 309.6(b)(3) to add those additional disclosures to the disclosures previously authorized.

III. Regulatory Analysis and Procedure

A. Solicitation of Comments on Use of Plain Language

Section 722 of the Gramm-Leach-Bliley Act ("GLBA")¹⁵ requires the FDIC to use "plain language" in all proposed and final rules published after January 1, 2000. The FDIC invited comments on whether the interim rule is clearly stated and effectively organized, and how the FDIC might make the text easier to understand. The FDIC received no comments addressing how the proposed rule might be changed to reflect the requirements of GLBA.

B. Administrative Procedure Act

The final rule takes effect upon publication in the **Federal Register**. The final rule conforms the FDIC's regulations to several statutory provisions that were amended by FSRRA on October 13, 2006 and by the Reform Act and the Amendments Act effective on March 31, 2006. The statutory amendments made by FSRRA, the Reform Act, and the Amendments Act continue in effect. The amendments to the FDIC's regulations made by the final rule are identical to those made by the interim rule, effective January 14, 2008.

The amendments to the FDIC's regulations made by the interim rule, and adopted in this final rule, generally reflect the language contained in the amended statutes without interpretation. The amendments made by the final rule effect no substance changes beyond those already effected by Federal statute. Although solicitation of public comment prior to the effectiveness of these regulatory amendments was unnecessary, the FDIC nonetheless requested public comment on the interim rule. The FDIC received no comments.

C. Regulatory Flexibility Act

The Regulatory Flexibility Act ("RFA") requires that each Federal agency either certify that a proposed rule would not, if adopted in final form, have a significant economic impact on a substantial number of small entities or prepare an initial regulatory flexibility analysis of the proposal and publish the analysis for comment.¹⁶ However, pursuant to section 603(a) of the RFA a regulatory flexibility analysis is only required when an agency is required to publish a notice of proposed rulemaking for a proposed rule. Since the regulatory amendments made by the final rule are effective upon publication in the **Federal Register**, and since no notice of proposed rulemaking is required to be published, no regulatory flexibility analysis is required.

D. Paperwork Reduction Act

No new collections of information pursuant to the Paperwork Reduction Act¹⁷ are contained in the final rule.

List of Subjects

12 CFR Part 303

Administrative practice and procedure, Bank deposit insurance, Banks, Banking, Reporting and recordkeeping requirements, Savings associations.

12 CFR Part 308

Administrative practice and procedure, Bank deposit insurance, Banks, Banking, Claims, Crime, Equal access to justice, Fraud, Investigations, Lawyers, Penalties.

12 CFR Part 309

Banks, Banking, Credit, Freedom of information, Privacy.

PARTS 303, 308, 309—[AMENDED]

Authority and Issuance

■ For the reasons set forth in the preamble, under the authority of 12 U.S.C. 1820 G, the interim rule amending parts 303, 308, and 309 of Chapter III of the title 12 of the Code of Federal Regulations which was published at 73 FR 2143 on January 14, 2008, is adopted as a final rule without change.

By Order of the Board of Directors.

Dated at Washington, DC, the 18th day of September 2008.

¹² See section 8(a)(4) of the Amendments Act, Pub. L. 109-173 (2006).

¹³ 12 U.S.C. 1817(j)(7).

¹⁴ 12 U.S.C. 1817(a)(2).

¹⁵ 12 U.S.C. 4809.

¹⁶ See 5 U.S.C. 603.

¹⁷ 44 U.S.C. 3501.

Federal Deposit Insurance Corporation.

Valerie J. Best,

Assistant Executive Secretary.

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 33

[Docket No.: FAA-2007-28501; Amendment No. 33-26]

RIN 2120-AJ05

Airworthiness Standards; Aircraft Engine Standards for Pressurized Engine Static Parts

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The FAA is amending the aircraft engine type certification standards by adding standards for pressurized engine static parts that are equivalent to those already adopted by the European Aviation Safety Agency. This rule establishes uniform standards for the certification of these parts in the United States and in Europe. U.S. manufacturers already meet the European requirements.

DATES: This amendment becomes effective November 24, 2008.

FOR FURTHER INFORMATION CONTACT: Tim Mouzakis, Engine and Propeller Directorate Standards Staff, ANE-110, Engine and Propeller Directorate, Aircraft Certification Service, FAA, New England Region, 12 New England Executive Park, Burlington, Massachusetts 01803-5299; telephone (781) 238-7114; fax (781) 238-7199, e-mail: timoleon.mouzakis@faa.gov.

SUPPLEMENTARY INFORMATION:

Authority for This Rulemaking

The FAA's authority to issue rules on aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency's authority.

This rulemaking is promulgated under the authority described in Subtitle VII, Part A, Subpart III, Section 44701, "General Requirements." Under that section, the FAA is charged with prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce, including minimum safety standards for aircraft engines.

This regulation is within the scope of that authority because it updates the existing regulations for aircraft engine pressurized static parts.

Summary of the NPRM

A Notice of Proposed Rulemaking (NPRM) was published on September 6, 2007 (72 FR 18136) that proposed changes to requirements for pressurized engine static parts in Title 14 Code of Federal Regulations part 33. The comment period for the NPRM closed on December 5, 2007.

Summary of the Final Rule

This final rule on requirements for pressurized engine static parts contains minor changes from the NPRM. We made changes to two sections, §§ 33.71 and 33.91, in response to the comments we received and our own review of the proposed rule. This final rule harmonizes FAA and EASA regulations for part 33 requirements related to pressurized engine static parts.

Summary of Comments

There were five commenters. Rolls-Royce, General Aviation Manufacturers Association (GAMA), and Airbus supported the rule and suggested minor changes, which are discussed below. General Electric and an individual supported the rule and did not suggest changes.

The comments relate to the following general areas:

- Component tests; and
- Examples of static parts.

Discussion of the Final Rule

Component Tests

Pressurized engine static parts operate at significant pressures and § 33.64 prescribes tests for these parts at maximum working and operating pressures. Rolls-Royce and GAMA commented that § 33.91, Engine component tests, should be modified as there was an inconsistency between proposed § 33.64 and existing § 33.91(c), which prescribes testing of pressurized hydraulic fluid tanks. Rolls-Royce and GAMA noted that depending on the maximum possible and maximum working pressures, as described in § 33.64, and the maximum operating pressure as described in § 33.91, the two rules could result in two different testing requirements for a given component.

The FAA agrees that the two rules could be interpreted as separate and distinct test requirements, and that testing pressurized hydraulic fluid tanks falls under the requirements of the new § 33.64. We have also determined that proposed § 33.64 and § 33.71,

Lubrication system, could be interpreted as two distinct testing requirements for a single component. Section 33.71(c)(9) prescribes testing for maximum operating temperature and pressure for pressurized oil tanks. These tanks should be tested under the requirements of the new § 33.64.

In the final rule, therefore, we are modifying §§ 33.71(c)(9) and 33.91(c) by replacing existing testing requirements for pressurized tanks with a reference to meeting the requirements of § 33.64. This change is consistent with EASA regulations for pressurized hydraulic fluid and oil tanks.

Examples of Static Parts

In the NPRM discussion, we noted examples of pressurized engine static parts which include compressor, combustion, diffuser, and turbine cases; heat exchangers; bleed valve solenoids; starter motors; and fuel, oil and hydraulic system components. Airbus commented that the examples of pressurized static parts included in the preamble of the NPRM should be expanded to include associated ducts and fittings.

The purpose of this NPRM discussion was to provide examples to help the applicant identify the type of parts affected by this rule. The examples provided in the NPRM do not represent a complete list of pressurized static parts. It is the applicant's responsibility to ensure all applicable pressurized engine parts are identified. We have made no changes to the rule in response to this comment.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) requires that the FAA consider the impact of paperwork and other information collection burdens imposed on the public. We have determined that there is no current or new requirement for information collection associated with this amendment.

International Compatibility

In keeping with U.S. obligations under the Convention on International Civil Aviation, it is FAA policy to comply with International Civil Aviation Organization (ICAO) Standards and Recommended Practices to the maximum extent practicable. The FAA has reviewed the corresponding ICAO Standards and Recommended Practices and has identified no differences with these regulations.