consumption, water consumption, and remaining moisture content values.

The following data shall be measured and recorded *for each wash load* during the test period: wash cycle selected (adaptive or manual), clothes load dry weight (measured prior to placement into the clothes washer) in pounds, and type of articles in the clothes load (i.e., cottons, linens, permanent press, etc.).

The wash loads used in calculating the in-home percentage split between adaptive and manual cycle usage shall be only those wash loads which conform to the definition of the energy test cycle.

Calculate:

T=The total number of energy test cycles run during the field test

T_a=The total number of adaptive control energy test cycles

T_m=The total number of manual control energy test cycles

The percentage weighing factors:

$P_a=(T_a/T)\times100$ (the percentage weighing for adaptive control selection)

$P_m=(T_m/T)\times100$ (the percentage weighing for manual control selection)

Energy consumption (E_{TE}), calculated in section 4.1, and water consumption (Q_T), calculated in section 4.2, shall be the weighted average of the measured values using P_a and P_m as the weighing factors.

[FR Doc. 96–9683 Filed 4–19–96; 8:45 am]

BILLING CODE 6450–01–P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 932

[No. 96–27]

Federal Home Loan Bank Directors' Compensation and Expenses

AGENCY: Federal Housing Finance Board.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Housing Finance Board (Finance Board) is proposing to repeal its Directors' Fees and Allowances Policy (Policy) and amend its regulation on the compensation of Federal Home Loan Bank (Bank) directors to provide greater flexibility to the Banks in compensating their directors and to set forth a clear standard of reasonableness for such compensation under the Federal Home Loan Bank Act (Bank Act). The current Finance Board regulation on the compensation of Bank directors subjects the payment of fees and expenses to limits set by the Finance Board. Those limits and other criteria are contained in the Policy, which essentially imposes a uniform directors' compensation structure on all Banks. The proposed rule would replace the current regulatory/policy scheme with an amended regulation permitting each Bank, within certain general guidelines, to devise its own compensation structure for Bank directors, and allowing each Bank to pay its directors for such expenses as are payable by the Bank to its senior officers.

The Finance Board is also proposing a rule requiring that meetings of a Bank's board of directors be held within the United States. This will codify an important provision of the Finance Board's Policy, which would be rescinded simultaneously with the adoption of a final rule on Bank directors' compensation and expenses.

DATES: Comments must be received on or before June 21, 1996.

ADDRESSES: Comments may be mailed to: Executive Secretariat, Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006. Comments will be available for public inspection at this address.

FOR FURTHER INFORMATION CONTACT: Patricia L. Sweeney, Program Analyst, District Banks Secretariat, (202) 408–2872; or Eric M. Raudenbush, Attorney-Advisor, Office of General Counsel, (202) 408–2932; Federal Housing Finance Board, 1777 F Street, N.W., Washington, D.C. 20006.

SUPPLEMENTARY INFORMATION:

I. Statutory and Regulatory Background

Subsection 7(i) of the Bank Act permits each Bank, with the approval of the Finance Board, to pay its directors reasonable compensation and necessary expenses for the time required of them in the performance of their Bank-related duties, in accordance with resolutions adopted by such directors. 12 U.S.C. 1427(i) (1994). A general provision on Bank directors' compensation, which appears at section 932.27 of the Finance Board's regulations, provides merely that directors' fees shall be established by each Bank within limits set by the Finance Board. See 12 CFR 932.27 (1995).

The Finance Board has exercised its statutory responsibility to approve Bank director compensation and expenses largely through its Directors' Fees and Allowances Policy, adopted by resolution of its Board of Directors on February 23, 1993. See Finance Board Resolution No. 93–12 (Feb. 23, 1993). The existing policy establishes a maximum fee of $1,200 per day payable to the Chair of a Bank's board of directors when presiding over meetings of the board or its executive committee, and a maximum fee of $650 per day payable to all other directors for attendance at board, committee, or other meetings for which a fee is authorized. Under the Policy, daily meeting fees are the only authorized source of compensation for Bank directors; the Policy does not provide for payment of either a retainer, or non-cash benefits to directors. The Policy also sets forth generally the categories of expenses that are payable to Bank directors and identifies several specific expense items the payment of which is either authorized or prohibited.

The Banks first became subject to a formal policy on directors fees and expenses in 1974, when the former Federal Home Loan Bank Board (FHLBB) (the Finance Board's predecessor agency) adopted a policy that revised, clarified and incorporated the various resolutions, minute entries and interpretations on director compensation and expenses that had been issued by the FHLBB since its creation in 1932. The FHLBB policy was amended several times, lastly in 1986, when the current dual $1200/$650 per day meeting fee caps were incorporated. When the Finance Board succeeded the FHLBB as regulator of the Bank system in 1989, the FHLBB's policy on Bank directors' fees and expenses remained in effect, as provided by the Financial Institutions Reform, Recovery and Enforcement Act's (FIRREA) provision on the continuation of orders, resolutions, determinations and regulations of the FHLBB. See Public Law 101–73, section 401(h), 103 Stat. 183 (1989) (codified at 12 U.S.C. 1437 note). The Policy is essentially identical to the FHLBB's 1986 policy.

The Bank Act currently vests in the Finance Board the responsibility to supervise the Bank System, to regulate it for financial safety and soundness, and to pass upon most matters of corporate governance of the Banks. A series of studies and reports mandated by the Housing and Community Development Act of 1992, Public Law 102–550, section 1393, 106 Stat. 3672 (1992), including a report prepared by the Finance Board in April 1993, concluded that the Finance Board's authority over Bank corporate governance is in conflict with the agency's primary role as Bank System regulator. Since the completion of these studies, the Finance Board has been working closely with the Banks to implement regulatory and policy changes designed to devolve to the Banks the authority to set policy on matters of corporate governance, to the extent permissible under the Bank Act. In conjunction with these efforts, two separate task forces composed of senior officials of the Banks have recommended that the Finance Board rescind the Policy and establish broad

guidelines within which the Banks' boards of directors can set the structure and limits for the compensation of their directors.

As part of its policy to devolve matters of corporate governance to the Banks, the Finance Board is now proposing to rescind both its current regulation on Bank directors' compensation and the Policy adopted thereunder and to replace both with a comprehensive regulation on Compensation and Expenses of Bank Directors. This proposed regulation, though more detailed than the existing regulation, will allow the Banks greater freedom to develop and implement their own directors' compensation plans than is possible under the current regulatory/policy scheme, while establishing clear and enforceable regulatory limitations.

II. Analysis of the Proposed Rule

The proposed rule provides for the addition of a new § 932.26 to the Finance Board's regulations and for the revision of § 932.27 thereof to contain entirely new text. Proposed § 932.26 codifies existing Finance Board policies requiring that most meetings of a Bank's boards of directors and its committees be held within the district served by that Bank and prohibiting Banks from holding any such meetings outside the borders of the United States. This provision is taken from the Finance Board's existing Policy and the codification of these requirements as a regulation is intended merely to preserve these important requirements when the Policy is rescinded.

The proposed rule also would replace § 932.27 of the Finance Board's regulations, entitled ''Compensation,'' with a new regulation entitled ''Compensation and Expenses of Bank Directors.'' As a whole, proposed § 932.27 is intended to limit the total dollar pool available to each Bank to compensate its directors to an appropriate level, while providing the Banks with maximum flexibility to devise their own directors' compensation schemes within the dollar limit. The proposed regulation is not designed to answer specific compensation issues; rather, it is intended to empower each Bank to exercise its reasonable discretion to decide how to compensate its directors, and thereby to allow many practices that are not authorized under the Policy, including, without limitation: the payment of retainer fees, the provision of non-cash benefits and the payment of meeting fees for participation in telephonic meetings.

Paragraph (a) of the proposed regulation defines two terms—''compensation'' and ''average compensation per director.''

Paragraph (b) of the proposed regulation is the operative provision with respect to the compensation of directors. It requires each Bank to adopt annually, by resolution of its board of directors, a written policy to provide for the payment of ''reasonable compensation'' to its directors for their work on Bank-related matters during the following calendar year. In conjunction with the definition of ''compensation'' contained in paragraph (a), paragraph (b) is intended to permit the Banks to remunerate their directors in a wide variety of fashions, including through the use of daily meeting fees, retainer fees, cash or non-cash fringe benefits, deferred payments, or combinations thereof.

Under proposed paragraph (b), the text of each Bank's policy must detail the types of Bank-related meetings or other activities in which its directors are required or expected to participate and for which they may be compensated. In addition, the policy must explain fully the methodology for determining the amounts and the circumstances under which its directors may be paid, including, if applicable: setting forth rates of compensation for participation in Bank-related activities; setting forth any retainer fees payable to directors and the circumstances under which they may be paid; explaining the rationale behind any graduated meeting or retainer fee scales; and detailing any non-cash fringe benefits to be provided to directors, including the approximate cash value thereof. By requiring a detailed written policy on director compensation, paragraph (b) is intended, in part, to facilitate review of the Banks' director compensation practices during the Finance Board's annual regulatory examination process. The Finance Board specifically requests comment on whether to include as part of the regulation a requirement that the Banks' policies on director compensation be made available to the public through either the Finance Board or the Banks individually and, if so, whether the policies should be disseminated as a matter of course, or merely made available upon request.

Paragraph (c) of the proposed regulation sets forth the substantive limits on Bank directors' compensation that must be reflected in each Bank's policy on director compensation. The requirements of this subsection are designed to operate in tandem and are intended to require each Bank to develop a compensation plan that, using a reasonable pool of money, provides incentive for active director participation in Bank-related affairs and rewards those directors who assume greater responsibilities.

The introductory text to paragraph (c)(1) provides for a $28,000 cap on each Bank's annual ''average compensation per director'' (ACPD), which is defined in paragraph (a) as the total amount the Bank pays in compensation to all directors, divided by the total number of directors designated by the Federal Housing Finance Board to serve on the Bank's board for that year. By capping the ACPD, the proposed regulation effectively would limit the total pool of money available to each Bank to compensate its directors (to $28,000 times the total number of directors), but, because each Bank has a different number of directors, this has been expressed in terms of ''compensation per director'' instead of as a lump sum. Because the regulation caps only the average amount paid to a Bank's directors, it would not prohibit a Bank from paying one or more directors more than $28,000, as long as the average compensation of all the Bank's directors does not exceed that amount.

In reaching the $28,000 figure, the board of directors of the Finance Board has considered a number of factors, including: Bank directors' earnings under the Policy; compensation of directors at other Government Sponsored Enterprises (GSEs), including an analysis of similarities and differences between the Banks and other GSEs that might require different compensation levels; and the compensation of board directors of Bank system member financial institutions. After reviewing these factors, and considering the agency's statutory responsibility to ''approve'' Bank directors' compensation, see 12 U.S.C. 1427(i), the Bank Act's requirement that such compensation be ''reasonable,'' see *id*., and the preference for providing a clear regulatory standard, the board of directors of the Finance Board concluded that an ACPD cap of $28,000 would be sufficient to allow the Banks to attract high quality individuals to serve on their boards of directors, yet is moderate enough, considering market rates, the Banks' GSE status and the general duties of Bank directors, to qualify as ''reasonable compensation'' under the Bank Act.

As provided in paragraph (c)(2), the cap on ACPD will increase automatically, beginning in 1997, to reflect the previous year's change in the Consumer Price Index (CPI). Although paragraph (c)(2) requires the Finance Board to communicate to the Banks each year's new ACPD cap figure, the annual change in the regulatory ACPD

cap is not contingent upon such communication. It is understood that the precise change in CPI will not be available until after the beginning of the year to which it is to apply. However, the agency views this provision as a mechanism for allowing the ACPD cap to keep pace with the level of inflation over a number of years and does not anticipate the need for Banks to make minute adjustments to their compensation policies on an annual basis, although the proposed regulation would not prohibit such adjustments.

Paragraph (c)(1)(i) requires that, keeping within stated cap on ACPD, each Bank's policy on director compensation should be designed such that, at year end, the total compensation paid to each director reflects both the amount of time that the director has spent on Bank-related business and the level of responsibility the director has assumed with respect to his or her role on the Bank's board of directors.

Specifically, the requirement that a directors' annual compensation must reflect the amount of time spent on official Bank business is intended to ensure that Bank directors are being paid for meetings they actually attend and duties they actually perform for each Bank. For example, a Bank's policy should ensure that, at year end, a director who has attended every scheduled Bank-related meeting receives more in compensation (all other factors being equal) than a director who has missed more than a negligible amount of meetings. Although there are many permissible ways for a Bank to implement this requirement, the one method would be to incorporate into its policy a schedule of meeting fees, the payment of which would be contingent upon directors' attendance at appropriate Bank functions. While the proposed regulation would not prohibit a Bank from paying a portion of its directors' compensation in the form of a retainer fee, paragraph (c)(1)(i) effectively would prohibit a Bank from paying its directors entirely through retainer fees, unless their payment somehow was made contingent on the fulfillment of Bank-related duties.

Paragraph (c)(1)(i) also requires that each director's total annual compensation reflect the level of responsibility assumed by that director. This requirement is aimed primarily at ensuring that directors are rewarded appropriately for serving as committee Chair, or for assuming other positions of responsibility. The provision leaves to the discretion of the Bank the identification of the particular formal or informal duties that warrant additional compensation. While the provision also leaves to the discretion of the Bank the method of incorporating such incentives into its director compensation policy, the one method of doing so would be to provide for graduated scales of meeting or retainer fees under which those assuming more responsibility in general, or with respect to a particular meeting or function, receive a higher sum than those who do not.

Paragraph (c)(1)(ii) requires each Bank to pay its Chair: (1) more than any other director and (2) at least 125 percent of the Bank's ACPD. Any plan under which a Bank's board Chair would not receive significant additional compensation for assuming such duties would not provide ''reasonable compensation,'' as required by subsection 7(i) of the Bank Act. 12 U.S.C. 1427(i). Accordingly, although paragraph (c)(1)(i) requires generally that a Bank stratify its compensation based on the level of responsibility assumed by each director, the Finance Board has determined that a requirement dealing specifically with Bank Chairs is appropriate to ensure that statutory requirements are being fulfilled. To avoid ambiguity in determining compliance with the provision and to ensure that Bank Chairs are provided more than a negligible premium for their additional service, the proposed rule includes the specific ''125 percent'' minimum figure, arrived at after reviewing the compensation practices of other GSEs and financial institutions.

The Finance Board specifically requests comment on whether to include as part of the regulation a provision under which a portion of each Bank's directors' annual compensation would be contingent upon that Bank's achievement of performance-related goals such as meeting particular earnings targets, achieving a satisfactory regulatory examination, or fulfilling the Bank's housing finance mission, and, if so, whether these incentive goals should be set forth in the regulation, or left to the discretion of the Banks.

Finally, paragraph (d) of the proposed regulation allows each Bank to pay its directors such Bank-related travel, subsistence and other related expenses as are payable to senior officers of the Bank under the Bank's travel policy, except for gift or entertainment expenses. This provision ties payment of directors' expenses to existing Bank policies which are subject to regulatory examination and which may be amended at the discretion of the Bank.

III. Regulatory Flexibility Act

The proposed rule applies only to the Banks, which do not come within the meaning of ''small entities,'' as defined in the Regulatory Flexibility Act. See 5 U.S.C. 601(6). Therefore, in accordance with 5 U.S.C. 605(b), the Finance Board hereby certifies that this proposed rule, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 12 CFR Part 932

Conflict of interests, Federal home loan banks, Reporting and recordkeeping requirements.

Accordingly, part 932, chapter IX, title 12, Code of Federal Regulations, is hereby amended as follows:

PART 932—ORGANIZATION OF THE BANKS

1. The authority citation for part 932 continues to read as follows:

Authority: 12 U.S.C. 1442a, 1422b, 1426, 1427, 1464; 18 U.S.C. 207; 42 U.S.C. 8101 *et seq.*

2. Section 932.26 is added to read as follows:

§ 932.26 Site of board of directors and committee meetings.

Meetings of a Bank's board of directors and committees thereof usually should be held within the district served by the Bank. No meetings of a Bank's board of directors and committees thereof may be held in any location that is not within the United States, including its possessions and territories.

3. Section 932.27 is revised to read as follows:

§ 932.27 Compensation and expenses of Bank directors.

(a) *Definitions.* As used in this section:

(1) *Compensation* means any payment of money or provision of any other thing of value (or the accrual of a right to receive money or a thing of value in a subsequent year) in consideration of a director's performance of official duties for the Bank, including, without limitation, retainer fees, daily meeting fees and fringe benefits.

(2) *Average compensation per director* means the sum of the total annual compensation paid to all directors serving on a Bank's board of directors, divided by the total number of directors designated by the Federal Housing Finance Board to serve on the Bank's board for that year.

(b) *Annual compensation.* Each Bank's board of directors shall adopt annually by resolution a written policy to provide for the payment to Bank directors of reasonable compensation for the performance of their duties as

members of the Bank's board for the following calendar year, subject to the requirements set forth in paragraph (c) of this section. At a minimum, such policy shall address the activities or functions for which attendance is necessary and appropriate and may be compensated, and shall explain and justify the methodology for determining the amount of compensation to be paid to directors.

(c) *Policy requirements.* Each Bank's policy on director compensation shall conform to the following requirements:

(1) The Average Compensation Per Director for each Bank shall not exceed $28,000 for the year 1996. Within this limit:

(i) The total annual compensation for each director shall reflect both the amount of time spent on official Bank business and the level of responsibility assumed by that director; and

(ii) The total annual compensation for the chair of each Bank's board of directors shall not be equaled or exceeded by the total annual compensation of any other director and shall not be less than 125 percent of the Average Compensation Per Director for that Bank.

(2) For 1997 and subsequent years, the limit on Average Compensation Per Director set forth in paragraph (c)(1) of this section shall be adjusted annually to reflect the preceding year's change in the Consumer Price Index (CPI) for all urban consumers, as published by the Bureau of Labor Statistics. Each year, as soon as practicable after the publication of the previous year's CPI, the Board shall publish notice, by Federal Register, distribution of a memorandum, or otherwise, of the CPI-adjusted limit on Average Compensation Per Director.

(d) *Expenses.* Each Bank may pay its directors for such necessary and reasonable travel, subsistence and other related expenses incurred in connection with the performance of their official duties as are payable to senior officers of the Bank under the Bank's travel policy, except that directors may not be paid for gift or entertainment expenses.

By the Board of Directors of the Federal Housing Finance Board.

Dated: April 10, 1996.

Bruce A. Morrison,

Chairman.

[FR Doc. 96–9775 Filed 4–19–96; 8:45 am]

BILLING CODE 6725–01–U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 96–ANM–004]

Proposed Establishment of Class E Airspace, Jackson, WY

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of Proposed Rulemaking (NPRM).

SUMMARY: This proposed rule would revise the Jackson, Wyoming, Class E airspace to accommodate a new Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP) to the Jackson Hole Airport. The area would be depicted on aeronautical charts for pilot reference.

DATES: Comments must be received on or before June 7, 1996.

ADDRESSES: Send comments on the proposal in triplicate to: Manager, Operations Branch, ANM–530, Federal Aviation Administration, Docket No. 96–ANM–004, 1601 Lind Avenue S.W., Renton, Washington 98055–4056.

The official docket may be examined at the same address.

An informal docket may also be examined during normal business hours at the address listed above.

FOR FURTHER INFORMATION CONTACT: James C. Frala, ANM–532. 4, Federal Aviation Administration, Docket No. 96–ANM–004, 1601 Lind Avenue S.W., Renton, Washington 98055–4056; telephone number: (206) 227–2535.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: ''Comments to Airspace Docket No. 96–ANM–004.'' The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination at the address listed above both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRM's

Any person may obtain a copy of this NPRM by submitting a request to the Federal Aviation Administration, Operations Branch, ANM–530, 1601 Lind Avenue S.W., Renton, Washington 98055–4056. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11–2A, which describes the application procedures.

The Proposal

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) to revise Class E airspace at Jackson, Wyoming, to accommodate a new GPS SIAP to the Jackson Hole Airport. The area would be depicted on aeronautical charts for pilot reference. The coordinates for this airspace docket are based on North American Datum 83. Class E airspace areas extending upward from 700 feet or more above the surface of the earth are published in Paragraph 6005 of FAA Order 7400.9C dated August 17, 1995, and effective September 16, 1995, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (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) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a