institution sends to the consumer. Rules are set forth for deposit account advertisements and advance notices to account holders of adverse changes in terms. The act restricts how institutions must determine the account balance on which interest is calculated. The TISA is implemented by the Board's Regulation DD (12 CFR part 230). The regulation authorizes the issuance of official staff interpretations.

On December 6, 1995 (60 FR 62349), the Board published for comment proposed amendments to the commentary to Regulation DD. Mainly, the proposed revisions provided guidance on technical matters such as the effect of a leap year on the calculation of interest, the APY and the annual percentage yield earned (APYE). Comments addressing other technical issues concerning the definition of bonuses and time accounts were also proposed.

The Board received nearly 50 comments on its proposal. About 90 percent of the comments were from financial institutions. By far, commenters focused on the proposals addressing leap-year calculations and compounding and crediting policies. Overall, comments were mixed. Some supported the proposals as helpful clarifications. Others opposed the proposals—particularly the revisions concerning calculations in a leap year and crediting interest—as being unduly technical and unnecessary. Based on the comments received and upon further analysis, the Board is withdrawing all proposed commentary revisions, due to considerations of regulatory burden and the narrow scope of the proposals.

II. Discussion

Leap-Year Calculations

Regulation DD requires institutions to pay interest on the full amount of principal in an interest-bearing account each day. Institutions may apply a daily rate of 1/365 or 1/366 of the interest rate during a leap year. On August 8, 1994, the Board issued a final staff commentary for Regulation DD (59 FR 40217). Comment 7(a) (1)–4 clarified that institutions may apply a daily rate of 1/365 or 1/366 of the interest rate for 366 days during a leap year, if the account will earn interest for February 29.

The Board published on December 6, 1995 proposed revisions to the commentary that further discussed leap-year calculations of interest, as well as the APY and the APYE. Numerous commenters opposed the proposed revisions (60 FR 62349). Many believed the regulation sufficiently addresses the rule, and that highly technical interpretations were neither necessary nor desirable. Other commenters opposed the Board's existing rule that permits institutions sometimes to use a daily factor of 1/366 or 1/365 during a leap year—although these commenters represent both ends of the spectrum. Some believe a daily factor of 1/366 should never be used; others would expand its use, for example to all accounts during a calendar leap year. Not all commenters opposed the proposal. Some supported the revisions, and sought further elaboration about calculations for a variety of specific accounts. After reviewing the concerns raised and upon further analysis, the Board has decided not to adopt the proposed comments addressing leap-year calculations. The Board believes that for some institutions, a variety of specific examples would be helpful; overall, however, the Board believes the level of technical guidance proposed is not necessary. The regulation and commentary provide general guidance on leap-year calculations, which, on balance, the Board believes is the appropriate level of interpretive detail at this time.

Compounding and Crediting Policies

Institutions must pay interest on the full amount of principal in the account each day, but may compound or credit interest at any frequency. Neither the TISA nor the regulation define ''compounding,'' ''crediting,'' or ''principal.'' Proposed comment 7 (b)–4 would have provided that once interest is credited to an account it becomes part of the principal, and if interest remains in the account, interest must accrue on those funds.

Many commenters addressing the issue favored the proposal as a clarification of current banking practice. However, many others were opposed to the proposal. Commenters raised several related concerns arising out of the proposal about the definition of terms such as ''posting,'' ''crediting,'' and ''principal.'' Those commenters argued that the Board's proposal raised issues that should properly be addressed after further notice and opportunity for public comment. Others were concerned about the effect of the proposal on time accounts that permit consumers to withdraw credited interest during the account term without penalty. They argued that if this interest were to be considered part of the principal, early withdrawal penalties could be triggered under some account agreements. Some commenters also stated that the TISA and Regulation DD do not require such a reading of the rules regarding the payment of interest. Many stated that the proposal would result in a reduction of account choices or interest rates available to consumers for those institutions wishing to avoid accruing interest on interest credited to and remaining in the account.

The Board believes a number of valid concerns were raised about issues that were not addressed in the proposal. Accordingly, the Board is withdrawing the comment and will consider whether further guidance is needed in the future on these matters.

Other Proposed Revisions

The proposed commentary update also addressed rounding rules for the APYE and the definitions of time account and bonuses. Given the technical nature and narrow application of these remaining proposals, the Board believes the cost and regulatory burden of reviewing and implementing changes associated with these provisions outweighs the benefits of additional official guidance, and is therefore withdrawing all proposed comments.

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary of the Board under delegated authority, May 21, 1996.

William W. Wiles,

Secretary of the Board.

[FR Doc. 96–13226 Filed 5–24–96; 8:45 am]

BILLING CODE 6210–01–P

---

12 CFR Part 245

[Regulation V; Docket No. R–0928]

Loan Guarantees for Defense Production

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Proposed rule.

SUMMARY: The Board is proposing to abolish its Regulation V as obsolete. This consideration does not represent any major policy change, but rather is intended to eliminate an outmoded regulation and reduce regulatory burden.

DATES: Comments must be submitted on or before July 29, 1996.

ADDRESSES: Comments, which should refer to Docket No. R–0928, may be mailed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551. Comments addressed to Mr. Wiles also may be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m. and to the security control room outside of

those hours. Both the mail room and the security control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments may be inspected in Room M–P–500 between 9:00 a.m. and 5:00 p.m.

FOR FURTHER INFORMATION CONTACT: Oliver Ireland, Associate General Counsel (202–452–3625), Heatherun Allison, Attorney (202–452–3565), Legal Division; for users of the Telecommunications Device for the Deaf (TDD) only, Dorothea Thompson (202–452–3544); Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:

Regulatory Review

Pursuant to Section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994, the Board of Governors of the Federal Reserve System (the Board) is conducting a review of its regulations and written policies in order to improve efficiency, reduce unnecessary costs, eliminate unwarranted constraints on credit availability, and to remove inconsistencies and outmoded and duplicative requirements. As part of this review, the Board is proposing to abolish Regulation V (12 CFR part 245), concerning the loan guarantee program under the Defense Production Act of 1950 (50 App. U.S.C. 2061) (the Act). The Board is requesting public comment on this proposed regulatory change, as well as soliciting the views of the guaranteeing departments and agencies (as defined in the Act) consistent with Executive Order 12919 (June 3, 1994) and Executive Order 10789 (Nov. 14, 1958) (as amended), implementing the Act.

Authority for Regulation V

The Board promulgated Regulation V (12 CFR 245) pursuant to the Act ''to facilitate the financing of contracts or other operations deemed necessary to national defense production.'' Section 301(a)(1) of the Act allows the President to authorize ''guaranteeing agencies'' to enter into guarantees with public or private financing institutions concerning contracts ''deemed by the guaranteeing agency to be necessary to expedite or expand production and deliveries or services under Government contracts for the procurement of industrial resources or critical technology items essential to the national defense, or for the purpose of financing any contractor, subcontractor or other person in connection with or in contemplation of the termination, in the interest of the United States, of any contract made for the national defense; * * *'' Section 301(a)(1) of the Act defines ''guaranteeing agencies'' as the Department of Defense, the Department of Energy, the Department of Commerce, ''and such other agencies of the United States engaged in procurement for the national defense as he may designate.''

Exec. Order No. 12,919 (1994) provides that ''the head of each Federal department or agency engaged in procurement for the national defense * * * and the President and chairman of the Export-Import Bank of the United States'' is authorized to guarantee public or private financing institutions as provided in Section 301 of the Act.[1] In furtherance of this authorization, Exec. Order No. 12,919 provides that ''The Board of Governors of the Federal Reserve System is authorized, after consultation with heads of guaranteeing departments and agencies, the Secretary of the Treasury, and the Director, OMB, to prescribe regulations governing procedures, forms, rates of interest, and fees for [loan] guarantee contracts.'' Exec. Order. No. 12919, 59 FR 29,525 (1994).[2] The Board exercised this authorization in implementing Regulation V in the 1950s. Regulation V was modified and streamlined in 1979.

Purpose of Regulation V

The loan guarantee provisions of the Act were intended to permit defense agencies to enter into defense-related contracts without regard to whether appropriations had been made for the underlying projects. Without the appropriations, defense agencies would lack the legal authority to make progress payments to defense contractors. Without progress payments, contractors would not have the working capital to perform their contracts unless they could obtain financing from private banking institutions, which might be reluctant to lend for the performance of contracts if the funds for the contract had not been appropriated. Thus, while the Act contemplates that defense-contract funding would be obtained from private banks, the loan guarantees provisions of the Act would enable the funding and therefore the continued production of items deemed necessary to the national defense by ensuring private banks of repayment when the contract was completed. Regulation V sets forth applicable procedures, forms, fees, charges and rates of interest for these loan guarantees, in which a Federal Reserve Bank acts as the fiscal agent of one or more specified federal departments or agencies for the guarantee by that department or agency of a defense production loan made by a private financing institution.

Decline in Use of Regulation V

The Act and the Executive Orders implementing it have periodically expired and subsequently been reauthorized. However, in 1975, the Act was amended to make the guarantee provisions unnecessary for most practical purposes. These amendments provided that ''all authority hereby or hereafter extended under title III [relating to expansion of productive capacity and supply, including loan guarantee provisions] shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.'' 50 U.S.C. App. 2166(a). Thus, under the 1975 amendments, defense agencies that have authority to authorize loan guarantees have authority to do so only if funds have been appropriated for the contract in question. Once funds have been appropriated, however, there is little need for the guarantee, because the appropriated funds can be paid timely in accordance with the defense contracts. Notwithstanding the 1975 amendments, the loan guarantee provisions of the Act were not deleted. No loan guarantees are currently outstanding and no applications for loan guarantees have been filed for several years.

Current Regulatory Review Proposal

Repealing Regulation V would achieve the objectives of Section 303 of the Riegle Community Development and Regulatory Improvement Act of 1994 by improving efficiency and removing outmoded requirements while at the same time not adversely affecting the abilities of any parties to participate in a loan guarantee should the need arise. Repealing Regulation V would not affect the existence or availability of the loan guarantee program as provided by the Act. Although the 1975 amendments to the Act make it unlikely that a loan guarantee application will be filed, the Board and the Federal Reserve Banks would be able to perform their fiscal

[1] The ''head of each Federal department or agency engaged in procurement for the national defense'' is defined as the head of each of the departments and agencies listed in Exec. Order No. 10,789 (1958), consisting of the following Departments: Defense, Army, Navy, Air Force, Treasury, Interior, Agriculture, Commerce, Transportation, Nuclear Regulatory Commission, General Services Administration, National Aeronautics & Space Administration, Tennessee Valley Authority, Government Printing Office, and Federal Emergency Management Agency. Exec. Order No. 10,789, 23 Fed. Reg. 8,897 (1958), as amended.

[2] A similar provision was formerly set forth in Section 302(c) of Exec. Order No. 10,480 (1953). Exec. Order No. 10,480 was revoked by Exec. Order No. 12,919 (1994).

agency and application coordination responsibilities under the Act if such an application were filed using fiscal agency procedures already in place in other contexts and on a case-by-case basis.

Initial Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires an agency to publish an initial regulatory flexibility analysis with any notice of proposed rulemaking. Two of the requirements of an initial regulatory flexibility analysis (5 U.S.C. 603(b) (1)–(2)), a description of the reasons why action by the agency is being considered and a statement of the objectives of, and legal basis for, the proposal, are contained in the supplementary material above. The proposal rule imposes no additional reporting or recordkeeping requirements and does not overlap with other federal rules. (5 U.S.C. 603(b) (4)–(5).)

Another requirement for the initial regulatory flexibility analysis is a description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply. (5 U.S.C. 603(b)(3).) The proposal will apply to all depository institutions regardless of size. The proposal seeks to eliminate an obsolete regulatory provision and does not impose any substantial economic burden on small entities.

By order of the Board of Governors of the Federal Reserve System, May 21, 1996.

William W. Wiles,

Secretary of the Board.

[FR Doc. 96–13225 Filed 5–24–96; 8:45 am]

BILLING CODE 6210–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 96–AGL–1]

Proposed Amendment of Class E Airspace; Rochester, MN

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking; withdrawal.

SUMMARY: This action withdraws the Notice of Proposed Rulemaking (NPRM) which amended the Class E airspace at Rochester, MN. The airspace, as published, was incomplete and will be reissued subsequently with the corrected airspace description.

DATES: May 28, 1996.

FOR FURTHER INFORMATION CONTACT: John A. Clayborn, Air Traffic Division, Operations Branch, AGL–530, Federal Aviation Administration, 2300 East Devon Avenue, Des Plaines, Illinois 60018, telephone (847) 294–7459.

SUPPLEMENTARY INFORMATION:

The Proposed Rule

On March 22, 1996, a Notice of Proposed Rulemaking was published in the Federal Register to amend the Class E airspace at Rochester, MN. This was necessary to accommodate the new Copter GPS 325 degrees approach procedure to St. Mary's Hospital Heliport, Rochester, MN (61 FR 11792). The airspace description, as published, was incomplete; therefore this NPRM is being withdrawn and will be reissued.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Withdrawal of Proposed Rule

Accordingly, pursuant to the authority delegated to me, Airspace Docket No. 96–AGL–1, as published in the Federal Register on March 22, 1996 (61 FR 11792), is hereby withdrawn.

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389; 49 U.S.C. 14 CFR 11.69.

Issued in Des Plaines, Illinois on May 1, 1996.

Maureen Woods,

Acting Manager, Air Traffic Division.

[FR Doc. 96–13254 Filed 5–24–96; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Chapter I

[Docket No. 96N–0002]

"Draft Document Concerning the Regulation of Placental/Umbilical Cord Blood Stem Cell Products Intended for Transplantation or Further Manufacture into Injectable Products;" Availability; Extension of Comment Period

AGENCY: Food and Drug Administration, HHS.

ACTION: Availability of draft document; extension of comment period.

SUMMARY: The Food and Drug Administration (FDA) is extending to July 26, 1996, the comment period for the draft document entitled "Draft Document Concerning the Regulation of Placental/Umbilical Cord Blood Stem Cell Products Intended for Transplantation or Further Manufacture into Injectable Products," which appeared in the Federal Register of February 26, 1996 (61 FR 7087). The purpose of the draft document is to identify a draft regulatory approach that FDA believes is appropriate for the regulation of placental/umbilical cord blood stem cell products for transplantation. FDA published the draft document in response to numerous inquiries regarding the agency's regulatory approach to cord blood stem cell products and to provide an opportunity for interested persons to submit written comments on the draft document prior to fully implementing this approach. FDA is taking this action in response to requests to allow additional time for public comments.

DATES: Written comments by July 26, 1996.

ADDRESSES: Submit written comments to the Dockets Management Branch (HFA–305), Food and Drug Administration, 12420 Parklawn Dr., rm. 1–23, Rockville, MD 20857.

FOR FURTHER INFORMATION CONTACT: Sharon A. Carayiannis, Center for Biologics Evaluation and Research (HFM–630), Food and Drug Administration, 1401 Rockville Pike, Rockville, MD 20852–1448, 301–594–3074.

SUPPLEMENTARY INFORMATION: In the Federal Register of February 26, 1996 (61 FR 7087), FDA requested public comment from interested persons on the draft document which included discussions of the following: (1) The applicable legal authorities in the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act; (2) FDA's approach to the regulation of human cord blood stem cells intended for transplantation; (3) FDA's approach to the regulation of cord blood stem cells as source material for further manufacture; and (4) FDA's approach to the regulation of ancillary products used for production of cord blood stem cells. Interested persons were given until April 26, 1996, to submit written comments on the draft document.

The agency received four letters from companies and research institutions involved in the collection and storage of cord blood requesting an extension of the comment period. The letters requested up to 90 additional days for comment on the basis that FDA's proposed regulatory approach would significantly alter the current cord blood collection and storage practices used by companies and research institutions. In addition, the requests cited the need for additional time to adequately review