following fruits and vegetables: carambola, litchi, and papaya.

(b) *Conditions of movement.* Fruits and vegetables from Hawaii may be authorized for movement in accordance with this section only if the following conditions are met:

(1) *Location.* The irradiation treatment must be carried out at an approved facility in Hawaii or on the mainland United States. Fruits and vegetables authorized under this section for treatment on the mainland may be treated in any State on the mainland United States except Alabama, Arizona, California, Florida, Georgia, Kentucky, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, South Carolina, Tennessee, Texas, or Virginia. Prior to treatment, the fruits and vegetables may not move into or through Alabama, Arizona, California, Florida, Georgia, Kentucky, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, South Carolina, Tennessee, Texas, or Virginia, except that movement would be allowed through Dallas/Fort Worth, Texas, as an authorized stop for air cargo, or as a transloading location for shipments that arrive by air but that are subsequently transloaded into trucks for overland movement from Dallas/Fort Worth into an authorized State by the shortest route.

* * * * *

(2) * * *

(ii) * * * Untreated fruits and vegetables shipped to the mainland United States from Hawaii in accordance with this section may not be packaged for shipment in a carton with treated fruits and vegetables.

* * * * *

(iv) Be certified by Plant Protection and Quarantine for initial use and annually for subsequent use. Recertification is required in the event that an increase or decrease in radioisotope or a major modification to equipment that affects the delivered dose. Recertification may be required in cases where a significant variance in dose delivery is indicated.

* * * * *

(4) * * *

(ii) The pallet-load of cartons must be wrapped before it leaves the irradiation facility in one of the following ways:

(A) With polyethylene sheet wrap;

(B) With net wrapping; or

(C) With strapping so that each carton on an outside row of the pallet load is constrained by a metal or plastic strap.

(iii) Packaging must be labeled with treatment lot numbers, packing and treatment facility identification and location, and dates of packing and treatment.

(iv) Litchi from Hawaii may not be moved interstate into Florida. All cartons in which litchi from Hawaii are packed must be stamped ''Not for importation into or distribution in FL.''

(5) *Dosage.* The fruits and vegetables must receive a minimum absorbed ionizing radiation dose of 250 Gray (25 krad).[5]

(6) *Dosimetry systems.* (i) Dosimetry must demonstrate that the absorbed dose, including areas of minimum and maximum dose, is mapped, controlled, and recorded.

(ii) Absorbed dose must be measured using a dose indicator that can accurately measure an absorbed dose of 250 Gray (25 krad).

(iii) The number and placement of dosimeters used must be in accordance with American Society for Testing and Materials (ASTM) standards.[6]

(7)(i) *Certification on basis of treatment.* A certificate shall be issued by an inspector for the movement of fruits and vegetables from Hawaii that have been treated and handled in accordance with this section.

(ii) *Limited permit.* A limited permit shall be issued by an inspector for the interstate movement of untreated fruits and vegetables from Hawaii for treatment on the mainland United States in accordance with this section.

* * * * *

(c) *Request for approval and inspection of facility.* Persons requesting approval of an irradiation treatment facility and treatment protocol must submit the request for approval in writing to the Animal and Plant Health Inspection Service, Plant Protection and Quarantine, Oxford Plant Protection Center, 901 Hillsboro St., Oxford, NC 27565. Before the Administrator determines whether an irradiation facility is eligible for approval, an inspector will make a personal inspection of the facility to determine whether it complies with the standards of paragraph (b)(2) of this section.

* * * * *

Done in Washington, DC, this 16th day of July 1996.

A. Strating,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 96–18461 Filed 7–22–96; 8:45 am]

BILLING CODE 3410–34–P

[5] See footnote 2.

[6] Designation E, ''Standard Guide for Selection and Calibration of Dosimetry Systems for Radiation Processing,'' American Society for Testing and Materials, Annual Book of ASTM Standards.

DEPARTMENT OF THE TREASURY

Office of Thrift Supervision

12 CFR Parts 502, 516, 562, 563, 565, 574

[No. 96–69]

RIN 1550–AA99

Regulatory Citations to Uniform Financial Institutions Rating System

AGENCY: Office of Thrift Supervision, Treasury (OTS).

ACTION: Notice of proposed rulemaking.

SUMMARY: In a related document published in the July 18, 1996 issue of the Federal Register, the Federal Financial Institutions Examination Council (FFIEC) requested comment on proposed changes to the Uniform Financial Institutions Rating System (UFIRS). In this document, the OTS is proposing to make conforming changes to its regulations that cross-reference the UFIRS. The effect of these changes will be to confirm that OTS regulations are intended to refer to the UFIRS as revised from time to time.

DATES: Comments must be received on or before September 23, 1996.

ADDRESSES: Send comments to Manager, Dissemination Branch, Records Management and Information Policy, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention Docket No. 96–69. These submissions may also be hand-delivered to 1700 G Street, NW., from 9 a.m. to 5 p.m. on business days or may be sent by facsimile transmission to FAX Number (202) 906–7755. Comments will be available for inspection at 1700 G Street, NW., from 9 a.m. until 4 p.m. on business days.

FOR FURTHER INFORMATION CONTACT: William J. Magrini, Senior Project Manager, Supervision Policy, (202) 906–5744, Karen Osterloh, Counsel (Banking & Finance), Regulations and Legislation Division, (202) 906–6639 or Deborah Dakin, Assistant Chief Counsel, (202) 906–6445, Regulations and Legislation Division, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552.

SUPPLEMENTARY INFORMATION:

I. Proposal

The UFIRS is a supervisory rating system used by the OTS and other agencies represented on FFIEC to evaluate the soundness of depository institutions on a uniform basis. The agencies have implemented the UFIRS through CAMEL ratings. Under CAMEL, the agencies have organized the relevant

UFIRS factors into five major areas (*C*apital Adequacy, *A*sset Quality, *M*anagement, *E*arnings, and *L*iquidity). FFIEC has proposed changes to the UFIRS system that: reformat and clarify the rating descriptions; add a sixth rating area addressing sensitivity to market risk; emphasize risk management processes; and make other changes. Currently, market risk is evaluated within other rating areas.

Under current OTS regulations, ratings are used: (1) To define ''troubled savings association'' for purposes of the OTS assessment system, 12 CFR 502.1; (2) to determine if a savings association is eligible for expedited or standard treatment under the application processing guidelines, 12 CFR Part 516; (3) to determine when an independent audit is required for safety and soundness purposes and to determine whether the Director may waive this independent audit requirement, 12 CFR 562.4; (4) to determine when the OTS may require a savings association and its subsidiaries to provide notification before entering into transactions with affiliates, 12 CFR 563.41; (5) to define ''eligible savings association'' for the purposes of exempting loans to small and medium size businesses and farms from recordkeeping requirements, 12 CFR 563.170(c)(10);[1] (6) to define ''adequately capitalized'' and ''undercapitalized'' under the prompt corrective action regulation, 12 CFR Part 565; (7) to determine whether a savings association should be reclassified based on supervisory criteria other than capital for the purposes of the prompt corrective action regulation; and (8) to define a savings association in ''troubled condition'' under rules requiring prior notice of the addition of any individual to the board of directors or the employment of any individual as senior executive officer, 12 CFR 574.9.[2] Most of these regulations currently refer to ''CAMEL'' ratings. Under the proposed changes to UFIRS, the ''CAMEL'' acronym will become obsolete. Accordingly, the OTS is proposing to revise its regulations to refer more generally to the UFIRS as it may exist from time to time or to any comparable rating system that the OTS may adopt in lieu of UFIRS.

Two other minor changes are also being proposed. First, for the sake of consistency and to prevent confusion, each regulation cross referencing UFIRS will indicate that the OTS will use the most recent rating (as determined either on-site or off-site by the most recent examination) of which the savings association has been notified in writing. Currently, some of the cited regulations include this provision, while others do not. Additionally, the OTS proposes to clarify 12 CFR 562.4. Currently, that regulation requires, *inter alia,* all institutions receiving a rating of 3, 4 or 5 to obtain an independent audit. However, the Director of the OTS is authorized to waive the independent audit requirement for these institutions, if the Director ''determines that an audit would not address the safety and soundness issues that caused the [low] examination rating.'' To be more precise, the OTS proposes to state that a waiver may be granted if an audit ''would not provide further information on safety and soundness issues relevant to the examination rating.''

The OTS request comments on all aspects of this aspects of this proposal.

II. Reporting and Recordkeeping Requirements

Reporting and recordkeeping requirements in this proposed rule are currently found in 12 CFR 563.41(e), 563.170(c), and 574.9. These requirements are addressed in the following OMB approved packages: Control Nos. 1550–0011, 1550–0083, and 1550–0032. The reporting burden under these packages remains unchanged under the rule.

III. Executive Order 12866

The Director of the OTS has determined that this proposed rule does not constitute a ''significant regulatory action'' for the purposes of Executive Order 12866.

IV. Unfunded Mandates Act of 1995

Section 202 of the Unfunded Mandates Reform Act of 1995, Public Law 104–4 (Unfunded Mandates Act), requires that an agency prepare a budgetary impact statement before promulgating a rule includes a federal mandate that may result in expenditure by state, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year. If a budgetary impact statement is required, Section 205 of the Unfunded Mandates Act also requires an agency to identify and consider a reasonable number of regulatory alternatives before promulgating a rule. As discussed in the preamble, this proposed rule incorporates appropriate citations to the revised Uniform Financial Institutions Rating System proposed by the Federal Financial Institutions Examination Council. The revisions will merely reduce confusion by updating the terminology used in the OTS regulations to reflect the current rating system. The OTS has determined that the proposed rule will not result in expenditures by state, local, or tribal governments or by the private sector of $100 million or more. Accordingly, a budgetary impact statement is not required under section 202 of the Unfunded Mandates Act of 1995.

V. Regulatory Flexibility Act Analysis

Pursuant to section 605(b) of the Regulatory Flexibility Act, the OTS certifies that this proposed rule will not have a significant economic impact on a substantial number of small entities. The OTS does not anticipate that the application of the revised UFIRS rating system will result in a change in composite ratings assigned to depository institutions. Today's proposed rule will merely reduce confusion by updating the terminology used in the OTS regulations to reflect the current rating system.

List of Subjects

12 CFR Part 502

Assessments, Federal home loan banks, Reporting and recordkeeping requirements, Savings associations.

12 CFR Part 516

Administrative practice and procedure, Reporting and recordkeeping requirements, Savings associations.

12 CFR Part 562

Accounting, Reporting and recordkeeping requirements, Savings associations.

12 CFR Part 563

Accounting, Advertising, Crime, Currency, Flood insurance, Investments, Mortgages, Reporting and recordkeeping requirements, Savings associations, Securities, Surety bonds.

12 CFR Part 565

Administrative practice and procedure, Capital, Savings associations.

12 CFR Part 574

Administrative practice and procedure, Holding companies, Reporting and recordkeeping requirements, Savings associations, Securities.

[1] In January 17, 1996, the OTS proposed to substantially revise 12 CFR 563.170(c) in a way that would remove paragraph (c)(10). 61 FR 1162 (Jan. 17, 1996). If that proposed amendment is adopted, it will supersede the amendment proposed here.

[2] The OTS previously proposed a revision to the capital distributions regulation at 12 CFR 563.134 that would define ''troubled condition'' by reference to the examination rating system. 59 FR 62356 (Dec. 5, 1994). When that regulation is finalized, it will also include appropriate references to the revised UFIRS system.

Authority and Issuance

Accordingly, the Office of Thrift Supervision proposes to amend chapter V, title 12, Code of Federal Regulations, as set forth below.

PART 502—ASSESSMENTS

1. The authority citation for part 502 is revised to read as follows:

Authority: 12 U.S.C. 1462a, 1463, 1467, 1467a.

2. Section 502.1 is amended by revising paragraph (f) to read as follows:

§ 502.1 Asset-based assessments.

* * * * *

(f) *Definition.* For purposes of this section only, a troubled savings association shall be defined as a savings association with a composite rating of 4 or 5, as defined in § 516.3(c) of this chapter. A troubled savings institution also includes a savings association in conservatorship so long as the association requires increased supervision and examination by the Office.

* * * * *

PART 516—APPLICATION PROCESSING GUIDELINES AND PROCEDURES

3. The authority citation for part 516 continues to read as follows:

Authority: 5 U.S.C. 552, 559; 12 U.S.C. 1462a, 1463, 1464.

4. Section 516.3 is amended by revising paragraphs (a)(1)(i), (b)(1)(i), and (c) to read as follows:

§ 516.3 Definitions.

(a) * * *

(1) * * *

(i) The savings association has a composite rating of 1 or 2;

* * * * *

(b) * * *

(1) * * *

(i) The savings association has a composite rating of 3, 4 or 5;

* * * * *

(c) *Composite rating.* Composite rating means the composite numerical rating assigned to the savings association by the OTS under the Uniform Financial Institutions Rating System (For availability, see § 516.1.) or an equivalent rating under a comparable rating system adopted by the OTS, and refers to the most recent rating (as determined either on-site or off-site by the most recent examination) of which the savings association has been notified in writing.

* * * * *

PART 562—REGULATORY REPORTING STANDARDS

5. The authority citation for part 562 continues to read as follows:

Authority: 12 U.S.C. 1463.

6. Section 562.4 is amended by revising paragraphs (b)(1) and (c)(2) to read as follows:

§ 562.4 Audit of savings associations and savings association holding companies.

* * * * *

(b) * * *

(1) If a savings association has received a composite rating of 3, 4 or 5, as defined at § 516.3(c) of this chapter; or

* * * * *

(c) * * *

(2) The Director may waive the independent audit requirement described in paragraph (b)(1) of this section, if the Director determines that an audit would not provide further information on safety and soundness issues relevant to the examination rating.

* * * * *

PART 563—OPERATIONS

7. The authority citation for part 563 continues to read as follows:

Authority: 12 U.S.C. 375b, 1462, 1462a, 1463, 1464, 1467a, 1468, 1817, 1828, 3806; 42 U.S.C. 4106.

8. Section 563.41 is amended by revising paragraph (e)(2)(ii)(A) to read as follows:

§ 563.41 Loans and other transactions with affiliates and subsidiaries.

* * * * *

(e) * * *

(2) * * *

(ii) * * *

(A) Has a composite rating of 4 or 5, as defined in § 516.3(c) of this chapter;

* * * * *

9. Section 563.170 is amended by revising paragraph (c)(10)(i)(B) to read as follows:

§ 563.170 Examinations and audits; appraisals; establishment and maintenance of records.

* * * * *

(c) * * *

(10) * * *

(i) * * *

(B) *Eligible savings association* means any savings association that is well- or adequately capitalized, as defined in part 565 of this chapter and was either:

(1) Assigned a composite rating of 1 or 2, as defined in § 516.3(c) of this chapter; or

(2) Assigned a composite rating of 3, as defined in § 516.3(c) of this chapter, and has obtained written permission from the Regional Director to employ this exemption.

* * * * *

PART 565—PROMPT CORRECTIVE ACTION

10. The authority citation for part 565 continues to read as follows:

Authority: 12 U.S.C. 1831o.

11. Section 565.4 is amended by revising paragraphs (b)(2)(iii)(B), (b)(3)(iii)(B), and (c)(2) to read as follows:

§ 565.4 Capital measures and capital category definitions.

* * * * *

(b) * * *

(2) * * *

(iii) * * *

(B) A leverage ratio of 3.0 percent or greater if the savings association is assigned a composite rating of 1, as defined in § 516.3(c) of this chapter; and

* * * * *

(3) * * *

(iii)(A) * * *

(B) Has a leverage ratio that is less than 3.0 percent if the savings association is assigned a composite rating of 1, as defined in § 516.3(c) of this chapter.

* * * * *

(c) * * *

(2) *Unsafe or unsound practice.* The OTS has determined, after notice and an opportunity for hearing pursuant to § 565.8(a), that the savings association received, and has not corrected, a less-than-satisfactory rating for any rating category (other than in a rating category specifically addressing capital adequacy) under the Uniform Financial Institutions Rating System (For availability, see § 516.1 of this chapter.), or an equivalent rating under a comparable rating system adopted by the OTS. Ratings under this paragraph (c)(2) refer to the most recent ratings (as determined either on-site or off-site by the most recent examination) of which the savings association has been notified in writing.

PART 574—ACQUISITION OF CONTROL OF SAVINGS ASSOCIATIONS

12. The authority citation for part 574 continues to read as follows:

Authority: 12 U.S.C. 1467a, 1817, 1831i.

13. Section 574.9 is amended by revising paragraph (a)(5)(i)(A) to read as follows:

§ 574.9 Additions of directors and employment of senior executive officers of savings associations and savings and loan holding companies.

(a) * * *

(5) * * *

(i) * * *

(A) Has a composite rating of 4 or 5, as defined in § 516.3(c) of this chapter;

* * * * *

Dated: July 9, 1996.

By the Office of Thrift Supervision.

Jonathan L. Fiechter,

Acting Director.

[FR Doc. 96–18565 Filed 7–22–96; 8:45 am]

BILLING CODE 6720–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 704

Corporate Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule.

SUMMARY: NCUA recently issued a proposed rule to revise the regulations governing corporate credit unions. At the time the proposal was released, NCUA indicated that special consideration would have to be provided for wholesale corporate credit unions, due to their unique role in the credit union system. NCUA and the one wholesale corporate credit union that currently exists have worked together to develop this proposal, which provides for such consideration. This proposal would amend the regulations on corporate credit unions by adding a new section, to follow the numbering of the recent proposal, governing wholesale corporate credit unions. Final provisions governing wholesale corporate credit unions, as well as other corporate credit unions, will be adopted after consideration of public comments.

DATES: Comments must be received on or before September 3, 1996.

ADDRESSES: Comments should be directed to Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428. Fax comments to (703) 518–6319. Post comments on NCUA's electronic bulletin board by dialing (703) 518–6480. E-mail comments to boardmail@ncua.gov. Please send comments by one method only.

FOR FURTHER INFORMATION CONTACT: Robert F. Schafer, Acting Director, Office of Corporate Credit Unions, at the above address, telephone: (703) 518–6640, or E-mail: occumail@ncua.gov; or Edward Dupcak, Director, Office of Investment Services, at the above address, telephone: (703) 518–6620, or E-mail: oismail@ncua.gov.

SUPPLEMENTARY INFORMATION:

Background

On May 22, 1996, NCUA issued a proposed rule to revise the regulations for corporate credit unions. 61 FR 28085 (June 4, 1996). The comment period expires on September 3, 1996. The proposal sets forth requirements and authorities that would apply to all corporate credit unions, and then provides, through appendices, additional requirements and authorities for those corporate credit unions that have more developed infrastructures and more experienced staffs. Currently, the credit union system supports one ''wholesale'' corporate credit union, which is a corporate credit union that serves corporate credit unions. It was expected that this wholesale corporate credit union would seek to obtain the authorities available under Appendix B of the proposed rule. It was also expected that certain adjustments to the general requirements and the requirements of Appendix B would have to be made to allow the wholesale corporate credit union to fulfill its role as an ultimate liquidity provider to the system.

NCUA and the wholesale corporate credit union have worked closely on these adjustments, pending adoption of final revised rules governing corporate credit unions. For several reasons, NCUA has determined to incorporate these adjustments into the proposed revisions to Part 704. First, the wholesale corporate credit union should have the assurance that, once these adjustments are made final, it will remain entitled to them, unless the regulation is changed. Second, the importance of the wholesale corporate credit union to the entire credit union system warrants public comment on the adjustments. Further, the adjustments should be standardized in the event other corporate credit unions wish to become wholesale corporate credit unions. Accordingly, this proposed rule adds a new Section 704.19 governing wholesale corporate credit unions. Public comment is requested. Final action on this proposal will coincide with final action on the broader proposed Part 704.

Analysis

Proposed Section 704.19(a) provides that wholesale corporate credit unions must comply with Part 704, unless there is a specific provision to the contrary in Section 704.19. Thus, a wholesale corporate credit union that wishes to have access to the broader investment powers of Appendix B of the May proposal must meet the general requirements of that proposal, except as modified by Appendices B and C and proposed Section 704.19. For a wholesale corporate credit union, where Section 704.19 conflicts with Appendices B or C, Section 704.19 prevails.

For example, Section 704.3(b)(1) of the May proposal contains a general requirement that a corporate credit union maintain a capital ratio of 4 percent. To engage in Part II authorities, though, a 6 percent ratio is required. For a wholesale corporate credit union, however, proposed Section 704.19(b)(1) requires only a 5 percent ratio. This is partly justified by proposed Section 704.19(c), which establishes a narrower limit for risk taking than is available to other corporate credit unions with Part II authority. It is also justified because of the membership of a wholesale corporate credit union. Senior managers of corporate credit unions have specialized expertise in the areas of investments and asset and liability management. NCUA believes that corporate credit union managers, as members and board representatives, will analyze and question the balance sheet strength and financial activities of the wholesale corporate credit union, keeping its risk-taking in check. Finally, the lower ratio is justified because a wholesale corporate credit union has a greater capacity to raise paid-in capital from non-credit union sources if the need arises.

Section 704.3(b)(2) of the May proposal provides that a corporate credit union's monthly reserve transfers are based upon the level of its reserve ratio, which is calculated by dividing the institution's moving daily average net assets into the total of its reserves and undivided earnings plus paid-in capital. Where the reserve ratio is greater than or equal to 3 percent but less than 4 percent, the corporate credit union must transfer .10 percent of its moving daily average net assets. Where the reserve ratio is less than 3 percent, the corporate credit union must transfer .15 percent of its moving daily average net assets. The amount to be transferred must be calculated monthly, but the funds may come out of earnings for the quarter. This formula is maintained even for a corporate credit union operating with Part II authorities.

Proposed Section 704.19(b)(2), however, allows a wholesale corporate