

ration's stock. When the market value of the stock into which such a debenture is convertible is substantially less than the face value of the debenture, the debenture ordinarily will sell at a price that reflects principally its value as a corporate obligation, without regard to the conversion option. However, the market value of the stock sometimes increases to such an extent that the shares into which a debenture is convertible have a market value that is much greater than the face value of the debenture. For example, a number of convertible debentures traded on the New York Stock Exchange sell at prices of \$2,000, \$3,000, or more, for securities with a face value of \$1,000. These prices approximate very closely the current market value of the shares of stock for which the convertible may be exchanged at the holder's option.

(2) A question has arisen as to the circumstances in which a member State bank may purchase convertible debentures for its investment portfolio under the provisions of the Investment Securities Regulation of the Comptroller of the Currency, as recently revised.

(3) Section 1.3(b) of this title defines "investment security" to exclude securities "which are predominantly speculative in nature", so that, under R.S. 5136 and the regulation, the purchase of "predominantly speculative" securities is not permissible. When the market price of a convertible debenture is far in excess of its face value because of the conversion feature, and its price fluctuations parallel the fluctuations in the price of the stock into which it is convertible, the debenture is necessarily speculative. Market conditions may induce price fluctuations that may have no relationship to the quality of the debenture or even of the particular stock into which it can be converted.

(4) Accordingly, it would appear that a bank is prohibited from purchasing convertible debentures in the circumstances described. However, uncertainty as to this matter could arise from the terms of § 1.10 of this title (Comptroller's Revised Regulation), which might be read as indicating that a bank may purchase convertible securities generally, provided that the cost of such a security is written down promptly "to an amount which represents the investment value of the security considered independently of the conversion feature".

(5) Quite apart from questions of interpretation of the revised regulation, however, it is to be noted that the law itself (paragraph Seventh of R.S. 5136) in effect forbids national banks and member State banks to purchase "any shares of stock of any corporation". When the market price of a convertible security reaches 200 percent or 300 percent of its face value due to a rise in the price of the related stock, purchase of the convertible security is, for practical purposes, equivalent to the purchase of the stock it represents.

(6) In the light of these statutory and regulatory provisions, it is the position of the Board of Governors that a member State bank may not lawfully invest in a convertible security whose price exceeds, by more than an insignificant

amount, the investment value of the obligation, considered independently of the conversion feature. Adherence to this principle will avoid violations of the statute and regulation that would occur if a bank were to purchase convertible securities in such circumstances that the security necessarily would be "predominantly speculative in nature", for the reasons described, and the transaction would be tantamount to a purchase of corporate stock.

(12 U.S.C. 248(1). Interprets 12 U.S.C. 24, 335)

Dated at Washington, D.C., this 14th day of November 1963.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
[SEAL] MERRITT SHERMAN,
Secretary.

[F.R. Doc. 63-12282; Filed, Nov. 26, 1963;
8:45 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Agency

SUBCHAPTER E—AIRSPACE [NEW]

[Airspace Docket No. 63-WA-45]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE, AND REPORTING POINTS [NEW]

Alteration of Control Area and Reporting Points

On September 14, 1963, a notice of proposed rule making was published in the FEDERAL REGISTER (28 F.R. 9993) stating that the Federal Aviation Agency proposed to alter Control 1447 and redesignate the Brim and Catfish Intersections.

Interested persons were afforded an opportunity to participate in the rule making through submission of comments. All comments received were favorable.

The substance of the proposed amendments having been published and for the reasons stated herein and in the notice, the following actions are taken:

1. In § 71.163 (27 F.R. 220-55, November 10, 1962), Control 1447 is amended to read:

Control 1447.

That airspace southwest of New Orleans, La., bounded by a line beginning at latitude 29°22'30" N., longitude 91°05'00" W., to latitude 29°15'00" N., longitude 91°05'00" W., to latitude 29°15'00" N., longitude 90°15'00" W., to latitude 28°15'00" N., longitude 90°15'00" W., to latitude 28°15'00" N., longitude 92°21'45" W., to point of beginning, excluding the portion below 2,500 feet MSL.

2. In § 71.209 (27 F.R. 220-172, November 10, 1962), "Brim INT: INT 223° bearing New Orleans, La., RBN, 113° bearing Galveston, Tex., RBN" is deleted and "Brim INT: INT 227° Grand Isle, La., RBN, 109° bearing Galveston, Tex., RBN" is substituted therefor. "Catfish INT: INT 217° bearing New Orleans, La., RBN, 112° bearing Galveston, Tex., RBN" is deleted and "Catfish INT: INT 220° Grand Isle, La., RBN, 108° bearing Galveston, Tex., RBN" is substituted therefor.

These amendments shall become effective 0001 e.s.t., January 9, 1964.

(Sec. 307(a), 1110, 72 Stat. 749, 800; 49 U.S.C. 1348 and 1510, E.O. 10854, 27 F.R. 9565)

Issued in Washington, D.C., on November 18, 1963.

MICHAEL J. BURNS,
Acting Chief,
Airspace Utilization Division.

[F.R. Doc. 63-12300; Filed, Nov. 26, 1963;
8:48 a.m.]

[Airspace Docket No. 63-EA-65]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, CONTROLLED AIRSPACE, AND REPORTING POINTS [NEW]

Alteration of Federal Airways and Designation of Reporting Point

On August 28, 1963, a notice of proposed rule making was published in the FEDERAL REGISTER (28 F.R. 9440) stating that the Federal Aviation Agency proposed to amend the Federal Aviation Regulations by altering VOR Federal airway No. 226 between Ellwood City, Pa., and Williamsport, Pa., altering VOR Federal airway No. 804 between Williamsport, Pa., and Clarion, Pa., and designating the Keating VOR as a reporting point in the low altitude airway structure.

Interested persons were afforded an opportunity to participate in the rule making through submission of comments. All comments received were favorable.

In consideration of the foregoing, the following actions are taken:

1. Section 71.123 (27 F.R. 220-6 November 10, 1962) is amended as follows:

a. In V-226 "to Keating, Pa. From Williamsport, Pa., via" is deleted and "via Clarion, Pa.; INT of Clarion 086° and Keating, Pa., 265° radials; Keating; Williamsport, Pa.;" is substituted therefor.

b. In V-804 "INT of Williamsport 246° and Keating, Pa., 099° radials; Keating; Fitzgerald, Pa.;" is deleted and "Keating, Pa.; INT of Keating 265° and Clarion, Pa., 086° radials;" is substituted therefor.

2. Section 71.203 (27 F.R. 220-157, November 10, 1962) is amended by adding Keating, Pa.

These amendments shall become effective 0001 e.s.t. January 9, 1964.

(Sec. 307(a), 72 Stat. 749; 49 U.S.C. 1348)

Issued in Washington, D.C., on November 18, 1963.

MICHAEL J. BURNS,
Acting Chief,
Airspace Utilization Division.

[F.R. Doc. 63-12301; Filed, Nov. 26, 1963;
8:49 a.m.]

SUBCHAPTER I—AIRPORTS [NEW]

[Reg. Docket No. 1696; Amdt. 151-3]

PART 151—FEDERAL AID TO AIRPORTS [NEW]

In-Runway Lighting

The purpose of this amendment is to set forth the conditions under which in-

stallation of in-runway lighting will be required as part of an airport project. This action is taken on the basis of rule making Notice No. 63-16, dated April 10, 1963, 28 F.R. 3733.

The majority of the comments received in response to the notice generally approved the proposed change. The Air Line Pilots Association urged a rearrangement of wording to reflect a change in approach. It urged that in-runway lighting be assumed to be a requirement at all airports where it is necessary to conduct instrument approaches and that special studies be conducted only at those very unusual and relatively few locations in the United States where the weather is such that instrument approaches are almost never contemplated. However, the change conforms the regulation more closely to section 9(d) of the Federal Airport Act as amended by Public Law 87-255, which contemplates that the Administrator will make a determination whether in-runway lighting is required for the safe and efficient use by aircraft of particular airports.

Republic Aviation Corporation commented that it would be desirable to limit FAA's prerogative to require in-runway lighting in connection with any airport development project, even those projects which are largely or wholly unrelated to the safe and efficient use of the airport. This suggestion was not adopted because the overriding concern of FAA is whether in-runway lighting is necessary for the safety of operations at the airport regardless of the type of airport development proposed for the project.

Language improvements were made in subdivisions (a) to (d) of § 151.13(b) (2)(i) with respect to the requirement for in-runway lighting in cases where FAA has programmed the installation of a precision approach system. The revised language expresses clearly that in these instances the requirement applies only where FAA programs the installation with funds already appropriated by the Congress.

On the occasion of this amendment an inadvertent error of designation is being corrected by redesignating present paragraphs (c) and (d) of § 151.13 as subparagraphs (3) and (4) of paragraph (b). These paragraphs are, of course, subject to the introductory statement of paragraph (b).

This amendment is made under the authority of section 9 of the Federal Airport Act, as amended (49 U.S.C. 1108).

In consideration of the foregoing, Part 151 [New] of the Federal Aviation Regulations (14 CFR Part 151 [New]) is amended, effective November 26, 1963, by—

1. Amending § 151.13(b) (2) to read as follows:

§ 151.13 Federal-aid Airport Program; policy affecting landing aid requirements.

• • • • •

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(b) * * *

(2) In-runway lighting is required as part of a project:

(i) If the project includes:

(a) Construction of a new runway designated by the FAA as an instrument landing runway for which the installation of an IFR precision approach system including ALS and ILS, has been programmed by the FAA with funds then available therefor;

(b) An extension of 3,000 feet or more (usable for landing purposes) of the approach end of a designated instrument landing runway equipped, or programmed by the FAA, with funds then available therefor, to be equipped, with an IFR precision approach system including ALS and ILS;

(c) Reconstruction of a designated instrument landing runway equipped, or programmed by the FAA, with funds then available therefor, to be equipped with an IFR precision approach system including ALS and ILS, if the reconstruction requires the closing of the runway; or

(d) Any other airport development on an airport whose designated instrument landing runway is equipped, or programmed by the FAA, with funds then available therefor, to be equipped with an IFR precision approach system including ALS and ILS; and

(ii) Only if a study of the airport shows that in-runway lighting is required for the safe and efficient use of the airport by aircraft, after the Administrator considers the following:

(a) The type and volume of flight activity;

(b) Other existing or planned navigational aids;

(c) Airport environmental factors such as local weather conditions and adjacent geographic profiles;

(d) Approach and departure paths;

(e) Effect on landing and takeoff minima; and

(f) In the case of projects under paragraph (b) (2) (i) (d) of this section, whether installing in-runway lighting requires closing the runway for so long a time that the adverse effect on safety of its closing would outweigh the contribution to safety that would be gained by the in-runway lights or whether it would unduly interfere with the efficiency of aircraft operations.

* * *

2. Redesignating present paragraphs (c) and (d) of § 151.13 as subparagraphs (3) and (4), respectively, and deleting their respective paragraph headings *High intensity runway lighting and Runway distance markers.*

Issued in Washington, D.C., on November 19, 1963.

N. E. HALABY,
Administrator.

[F.R. Doc. 63-12302; Filed, Nov. 26, 1963; 8:49 a.m.]

Chapter III—Federal Aviation Agency

SUBCHAPTER C—AIRCRAFT REGULATIONS

[Reg. Docket No. 2075; Amdt. 650]

PART 507—AIRWORTHINESS DIRECTIVES

General Dynamics Models 340 and 440 Aircraft

Amendment 562, 28 F.R. 4554, AD 63-10-3, requires inspection of the wing skin and repair of any cracks on General Dynamics Models 340 and 440 aircraft. A request to substitute the use of radiographic inspections in lieu of the visual inspections required has revealed that the AD makes no provision for any other acceptable method of inspection. Therefore, Amendment 562 is being revised to specify any FAA engineering approved inspection method that will assure detection of the wing skin cracks.

Since this amendment is relieving in nature and imposes no additional burden on any person, notice and public procedure hereon are unnecessary, and the amendment may be made effective upon publication in the FEDERAL REGISTER.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (25 F.R. 6489), § 507.10(a) of Part 507 (14 CFR Part 507), is amended as follows:

Amendment 562, 28 F.R. 4554, AD 63-10-3, Models 340 and 440 aircraft, is amended by adding the following new paragraph (j) to read:

(j) Any FAA engineering approved inspection method for detection of the wing lower skin cracks may be substituted for the cleaning and visual inspection specified in paragraphs (a), (b), (c), and (e).

This amendment shall become effective November 26, 1963.

(Secs. 313(a), 601, 603; 72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Washington, D.C., on November 20, 1963.

W. LLOYD LANE,
Acting Director,
Flight Standards Service.

[F.R. Doc. 63-12296; Filed, Nov. 26, 1963; 8:48 a.m.]

[Reg. Docket No. 1962; Amdt. 647]

PART 507—AIRWORTHINESS DIRECTIVES

Curtiss-Wright Models C634S-C400 Through -C500 Series Propellers

A proposal to amend Part 507 of the Regulations of the Administrator to include an airworthiness directive requiring replacement of the threaded-type brake assemblies with brake assemblies having bolted retention on Curtiss-Wright Models C634S-C400 through -C500 Series propellers was published in 28 F.R. 10494.

Interested persons have been afforded an opportunity to participate in the making of the amendment. No objections were received.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (25 F.R. 6489), § 507.10(a) of Part 507 (14 CFR Part 507), is hereby amended by adding the following new airworthiness directive:

CURTIS-WRIGHT. Applies to all Models C634S-C400 through -C499 and C634S-C500 through -C599 Series propellers equipped with P/N 142080-1 brake assemblies. (These propellers may be found installed on such aircraft as Lockheed Models 749 and 1049.)

Compliance required within 100 hours' time in service after the effective date of this AD. There have been failures of P/N 142080-1, threaded-type brake assemblies, causing the propellers to malfunction. To correct this unsafe condition, the following shall be accomplished:

Replace P/N 142080-1 brake assemblies with P/N's 149252-1, 152908-2, or 161462-2 brake assemblies.

(Curtis Service Bulletins Nos. C-14 and C-32 and Parts Bulletins C-52, C-67, C-80 and C-90 cover this same subject.)

This amendment shall become effective December 27, 1963.

(Secs. 313(a), 601, 603; 72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Washington, D.C., on November 19, 1963.

W. LLOYD LANE,
Acting Director,
Flight Standards Service.

[F.R. Doc. 63-12297; Filed, Nov. 26, 1963; 8:48 a.m.]

[Reg. Docket No. 2074; Amdt. 649]

PART 507—AIRWORTHINESS DIRECTIVES

Piper Models PA-23 and PA-23-160 Series Aircraft

There have been several incidents of the rudder trim tab control rod breaking in flight at the forward hooked end on Piper Models PA-23 and PA-23-160 Series aircraft. In one instance this rod became disconnected due to the loss or absence of the retaining cotter pin. To correct these unsafe conditions an airworthiness directive is being issued to require inspection of the rudder trim tab control rod assembly for cracks and excessive wear, and the installation of a roll pin and safety wire instead of the present cotter pin retainer.

As a situation exists which demands immediate action in the interest of safety, it is found that notice and public procedure hereon are impracticable and good cause exists for making this amendment effective upon publication in the FEDERAL REGISTER.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (25 F.R. 6489), § 507.10(a) of Part 507 (14 CFR Part 507), is hereby amended by adding the following new airworthiness directive:

PIPER. Applies to all Models PA-23 and PA-23-160 aircraft.

Compliance required within the next 50 hours' time in service after the effective date

of this AD, unless already accomplished within the past 50 hours' time in service. Every 100 hours' time in service thereafter comply with paragraphs (b), (c), and (d).

Several failures of the rudder trim tab actuating rod, Piper P/N 17271-00, through the bend radius of the forward hooked end and a disconnection due to a lost cotter pin have resulted in free trim tabs oscillating the rudder. Therefore, the following must be accomplished:

(a) Remove the rudder trim tab control rod assembly from the aircraft.

(b) Visually inspect for cracks in the area of the hooked end using a magnifying lens of at least 10-power.

(c) Check the hooked end for wear in excess of 0.040 inch in the area of contact with the jackscrew.

(d) Rudder trim tab control rods with cracks, or wear in excess of 0.040 inch shall be replaced before further flight.

(e) Redrill the cotter pin hole in the hooked end to 0.081 inch-diameter and re-install the rudder trim tab control rod assembly using a roll pin, Piper P/N 480728, and 0.032 inch-diameter steel safety wire, in lieu of the cotter pin.

(Piper Service Letter No. 407, dated October 4, 1963, which pertains to this same subject, outlines and illustrates inspection and installation methods.)

This amendment shall become effective November 26, 1963.

(Secs. 313(a), 601, 603; 72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Washington, D.C., on November 20, 1963.

W. LLOYD LANE,
Acting Director,
Flight Standards Service.

[F.R. Doc. 63-12298; Filed, Nov. 26, 1963; 8:48 a.m.]

[Reg. Docket No. 2043; Amdt. 648]

PART 507—AIRWORTHINESS DIRECTIVES

Vertol Model 107-II Helicopters

Pursuant to the authority delegated to me by the Administrator (25 F.R. 6489), an airworthiness directive was adopted on November 1, 1963, and made effective immediately because of the safety emergency involved as to all known United States operators of Vertol Model 107-II helicopters. The directive requires inspection and replacement of the quill shafts and collector gears.

Since it was found that immediate corrective action was required in the interest of safety, notice and public procedure thereon was impracticable and contrary to the public interest and good cause existed for making the airworthiness directive effective immediately as to all known U.S. operators of Vertol Model 107-II helicopters by individual telegrams dated November 1, 1963. These conditions still exist and the airworthiness directive is hereby published in the FEDERAL REGISTER as an amendment to § 507.10(a) of Part 507 (14 CFR Part 507), to make it effective as to all persons.

VERTOL. Applies to all Model 107-II helicopters, serial numbers 2 and up.

Compliance required before further flight and every 120 hours' time in service thereafter, except that compliance for spare mix and aft transmission assemblies shall be prior to installation on certificated aircraft.

As a result of a fatigue failure of the aft rotor transmission quill shaft, P/N 107D2067-1, accomplish the following:

(a) Remove aft transmission assembly P/N 107D2010, separate mix box P/N 107D2003 and inspect the mix box and aft transmission in accordance with Vertol Service Bulletin No. 107-113 dated October 28, 1963. Mix box or aft transmission assemblies which exceed the envelope of tolerances established in Figure 2 of Vertol Service Bulletin No. 107-113 dated October 28, 1963, shall be replaced before further flight.

(b) Remove the quill shaft in accordance with the 107-5 Overhaul Manual, Chapter 62-10-2.

(1) Retire from service all quill shafts P/N 107D2067-1 with a total time in service of 120 hours or more.

(2) Quill shafts with less than 120 hours' total time in service may be continued in service until the accumulation of 120 hours provided the shafts satisfactorily pass the inspection specified in Vertol Service Bulletin No. 107-113 dated October 28, 1963. Replace before further flight quill shafts which are cracked or which have a wear step on the flank of the spline.

(c) Inspect the internal splines of the input pinion and collector gears for wear. Replace before further flight gears which have a wear step on the flank of the spline.

(d) Inspect holes in oil jets P/N 107D2268-1 and P/N 107D2214-1 to determine that they are free and clear.

(Vertol Service Bulletin No. 107-113 dated October 28, 1963, covers this same subject.)

This amendment shall become effective upon publication in the FEDERAL REGISTER for all persons except those to whom it was made effective immediately by telegram dated November 1, 1963.

(Secs. 313(a), 601, 603; 72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Washington, D.C., on November 19, 1963.

W. LLOYD LANE,
Acting Director,
Flight Standards Service.

[F.R. Doc. 63-12299; Filed, Nov. 26, 1963; 8:48 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket C-616]

PART 13—PROHIBITED TRADE PRACTICES

Kiwi Polish Company, Proprietary, Ltd.

Subpart—Discriminating in price under Sec. 2, Clayton Act—Payment for services or facilities for processing or sale under 2(d): § 13.824 Advertising expenses; § 13.825 Allowances for services or facilities.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 2, 49 Stat. 1526; 15 U.S.C. 13) [Cease and desist order, The Kiwi Polish Company, Proprietary, Ltd., Pottstown, Pa., Docket C-616, Nov. 5, 1963]

Consent order requiring the American Division of an Australian corporate manufacturer of a wide variety of shoe polishes and related products to cease violating section 2(d) of the Clayton Act by such practices as paying Walgreen Drug Company during a five year