Federal Register
Vol. 47, No. 86
Tuesday, May 4, 1982

Rules and Regulations

DEPARTMENT OF AGRICULTURE

Rural Electrification Administration

7 CFR Parts 1700 through 1799

Public Information; Appendix A—REA Bulletins

AGENCY: Rural Electrification Administration, USDA.

ACTION: Final rule.

SUMMARY: REA hereby amends 7 CFR Parts 1700–1799, Appendix A—REA Bulletins, by revising section II of Attachment A to REA Bulletin 20–14, Supplemental Financing for Loans Considered Under section 4 of the Rural Electrification Act. This bulletin is used in determining the REA/supplemental loan percentages for concurrent loans. As a result of the recent amendment to the RE Act on August 13, 1981, and in accordance with existing REA policy, most of the 140 borrowers which had been eligible to receive 100 percent of their financing needs from REA at a 2 percent interest rate would be required to obtain up to 30 percent of their financing needs from non-REA sources. The remaining portion of their financing needs would be provided by an REA insured loan at a 5 percent interest rate. This action amends the REA/supplemental lending ratios for those former statutory 2 percent borrowers (those with two or fewer consumers per mile or an average adjusted plant revenue ratio of over 9.0 as of December 31, 1980) to allow them to obtain 90 percent of their financing needs from an REA insured loan at a 5 percent interest rate and the remaining 10 percent from non-REA sources. It applies to loan requests received by REA after July 24, 1981. All other REA borrowers will be unaffected by this change. This revision is an interim measure. On January 22, 1982, REA initiated rulemaking procedures for a complete review and possible revision of REA Bulletin 20–14.

EFFECTIVE DATE: April 20, 1982.

FOR FURTHER INFORMATION CONTACT: Milton E. Wright, Chief, Borrowers Management Branch—Electric Loans and Management Division, Room 3338, South Building, U.S. Department of Agriculture, Washington, D.C. 20250, Telephone (202) 382–1936.

The Final Regulatory Impact Analysis describing the options considered in developing this final rule and the impact of implementing each option is available on request from the above named individual.

SUPPLEMENTARY INFORMATION: REA regulations are issued pursuant to the Rural Electrification Act as amended (7 U.S.C. 901 et seq.). 7 CFR Parts 1700–1799, Appendix A—REA Bulletins, is hereby amended to provide for the revision of section II of Attachment A to REA Bulletin 20–14, Supplemental Financing for Loans Considered Under section 4 of the Rural Electrification Act. The text of section II of Attachment A is as follows:

Attachment A, Supplemental Loan Criteria for Electric Distribution Borrowers

II. Loan Proportions for Concurrent Loans

A. The loan proportions for concurrent loans to borrowers, who are eligible for supplemental financing as set forth above, with an average consumer density (DENSITY) of two or fewer per mile or an average adjusted plant revenue ratio (APRR) of over 9.0 as of December 31, 1980, will be 90 percent from REA and 10 percent from supplemental sources.

B. The loan proportions for concurrent loans to all other borrowers, who are eligible for supplemental financing as set forth above, will be based on the borrower's plant revenue ratio (PRR) as follows:

PRR	REA percentage	Supplemental lender percentage
9.01 and above	90	10
8.01 to 9.0	80	20
8.00 and below	70	30

This final action has been issued in conformance with Executive Order 12291, Federal Regulation. This action will not (1) have an annual effect on the economy of $100 million or more; (2) result in a major increase in costs or prices for consumers; individual industries, Federal, State or local government agencies; or (3) result in significant adverse effects on competition, employment, investment or productivity, and therefore has been determined to be "not major." This action is not subject to the Regulatory Flexibility Act or to OMB Circular A–95 review requirements. This program is listed in the Catalog of Federal Domestic Assistance as 10.850 Rural Electrification Loans and Loan Guarantees.

The primary objective of this rule is to ease for certain borrowers the transition from 100 percent REA financing to partial supplemental financing and the resulting increase in interest costs. As a result of this rule these borrowers will be required to establish and use non-REA supplemental lending sources. This action is also consistent with previous REA policy. When other borrowers were first required to use non-REA lending sources REA used a transition period to ease the impact on the borrowers of going to partial supplemental financing.

Among the various options which REA considered was allowing former statutory 2 percent borrowers to obtain 100 percent of their financing needs from REA at a 5-percent interest rate. This option would not encourage the use of non-REA financing, and it would increase the demand for REA insured loan funds. REA also considered taking no action. This option would create a hardship for some borrowers in terms of both the impact of increased interest costs and the need to establish new financing arrangements with non-REA lenders.

A notice of Proposed Rulemaking was published in the **Federal Register** on January 26, 1982, Volume 47, Number 15, page 3554. We received five comments directly responding to the publication of the proposed **Federal Register** notice. Three of the respondents favored adoption of the action i.e. allowing former statutory 2 percent borrowers to receive 90/10 REA/non-REA financing. The other two respondents did not favor adoption of section II of Attachment A because they said that its adoption and the resulting increase in interest costs to low density, REA-financed systems would ultimately make it impossible for these systems to provide service to their consumers at acceptable, competitive rates.

None of the respondents mentioned that Congress had amended the RE Act on August 13, 1981, and removed the requirement that REA provide 2 percent insured loans for 100 percent of the financing needs of borrowers with two or fewer consumers per mile or an average APRR of over 9.0. Without the adoption of section II of Attachment A, most of the former statutory 2 percent borrowers would have been required to establish new financing arrangements and to receive up to 30 percent of their financing from non-REA sources.

List of Subjects

Administrative practice and procedure, Electric utilities, Loan programs—energy.

Dated: April 20, 1982.

Harold V. Hunter,

Administrator.

[FR Doc. 82-12077 Filed 5-3-82; 8:45 am]

BILLING CODE 3410-15-M

Farmers Home Administration

7 CFR Part 1980

Form FmHA 449-35; Lender's Agreement

CFR Correction

In Title 7, Parts 1900–2799, revised as of January 1, 1981, the text of 7 CFR Part 1980, Subpart A, Appendix B, paragraph XII, E, appearing at page 935, was inadvertently removed. The text should read as published at 41 FR 47462, Oct. 22, 1976, and set forth below:

Appendix B—Form FmHA; Lender's Agreement

* * * * *

XII. *Liquidation.*

* * * * *

E. *Determination of Loss and Payment.* In all liquidation cases, a final settlement will be made with the Lender after the collateral is liquidated. FmHA will have the right to recover losses paid under the guarantee from any party liable.

* * * * *

BILLING CODE 1505-01-M

NUCLEAR REGULATORY COMMISSION

10 CFR Part 73

Physical Protection of In Transit Special Nuclear Material of Moderate Strategic Significance

AGENCY: Nuclear Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Nuclear Regulatory Commission is amending its physical protection regulations for special nuclear material of moderate strategic significance to improve licensee safeguards capabilities for early detection of the possible theft of this material while it is in transit. These improvements include (1) maintaining the material under lock or under the control of a responsible individual, (2) confirming the status of shipments while en route, and (3) employment of either dedicated use transports or signature acknowledgement of custody of shipments. The intent of these amendments is to assure close monitoring of shipments of special nuclear material of moderate strategic significance in order to achieve early detection of loss or theft of the material so that repeated thefts can be prevented.

EFFECTIVE DATE: June 3, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. C. K. Nulsen, Material Transfer SG Licensing Branch, Division of Safeguards, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, (301) 427–4181.

SUPPLEMENTARY INFORMATION: The Commission has been concerned that possible multiple thefts of special nuclear material (SNM) of moderate strategic significance could result in the accumulation by an adversary of more strategically significant quantities of special nuclear material. To help prevent this, current physical protection requirements for SNM of moderate strategic significance were designed to help provide early detection of an initial theft of this material. Early detection would allow the Commission to take further actions to assure that additional thefts could be prevented before the lost or stolen material was accounted for. On June 15, 1981, the Commission published proposed amendments in the **Federal Register** (46 FR 31267) to require additional physical protection for intransit SNM of moderate strategic significance. These amendments were to improve the licensee's capabilities for early detection of possible thefts of the material by requiring (1) the material be maintained under lock or under the control of a responsible individual, (2) periodic communications between the licensee and the transport vehicle, and (3) employment of exclusive use vehicles or signature acknowledgement of all custody transfers. A sixty-day comment period expired on August 15, 1981. Comments were received from eight respondents.

The proposed amendments have been modified in response to the comments received, and will be published in final form, as modified, to become effective 30 days after publication of this notice. Changes were made in response to the public comments to better reflect services which can be provided by common carrier(s), and also to provide clarification where necessary. A summary of the public comments and, where appropriate, a description of the changes that resulted from them follows:

(1) *Need for these amendments.* All but one of the commenters questioned the need for additional physical protection requirements for the affected shipments. They suggested that current requirements allowing the NRC to order delays in these shipments to keep formula quantities of SSNM from being in transit at the same time would be unnecessarily redundant with additional physical protection requirements for individual shipments.

The final amendments complement existing regulations which allow the NRC to order shipment delays for safeguards purposes. They provide for closer licensee control over shipments and better traceability so that the chances of having to delay a shipment will be decreased. With regard to the comment concerning those shipments of low enriched uranium covered by these amendments, it was decided to exclude low enriched uranium of moderate strategic significance from the requirements (1) to maintain the material under lock or under the control of a responsible individual and (2) to use an exclusive use vehicle or signature acknowledgement of all custody transfers. Low enriched uranium shipments, however, will be required to meet the remaining physical protection regulations for material of moderate strategic significance. The exclusion of low enriched uranium from the additional requirements of this amendment was made after considering the primary intent of the additional requirements to provide early detection in time to prevent the theft of a formula quantity of strategic special nuclear material, which consists of only high enriched uranium and plutonium.

(2) *Locking requirements.* The proposed amendments would have required the material to be transported in a locked cargo compartment, and during road shipments, to be kept under lock while in transit or in temporary storage en route. Many commenters noted that these locking requirements would be impossible to comply with in the case of less-than-truckload (LTL) shipments and most air shipments, the modes primarily used in past shipments. The loading and unloading of other cargo, it was stated, precludes maintaining the material continuously under lock. Also, most aircraft do not have lockable cargo compartments. It was also stated that storage of the material in a locked area was not always feasible for import and export shipments.

It was anticipated by commenters that some carriers might refuse to carry the material if the proposed amendments became effective, and that less-than-truckload shipments would be effectively eliminated. Commenters also questioned whether the purpose of the proposed locking requirements was to prevent rather than detect theft.

The final amendments permit an alternative to the lock requirements. This alternative provides for maintaining the material under the control of a responsible individual where the use of locks is not practicable. Under this alternative, the shipment should be kept under continuous observation or be checked periodically by a responsible individual to assure its continued integrity. Periodic checking of the shipment could be facilitated by inspecting the seals required on NRC-approved shipping containers, or by use of an appropriate seal placed on the cargo compartment or temporary storage areas containing the shipment. The responsible individual also should assure the correct routing of the shipment, and should assure that the licensee or its designee is notified immediately if the material is determined to be missing. The responsible individual in each case will be required to be an individual who has acknowledged by signature acceptance of custody of the material.

For air shipments these requirements could be satisfied by requesting the signature security service provided by air carriers. This service provides routing control, surveillance and periodic checking of shipments. For road shipments, common carriers of less-than-truckload quantities should be able to provide service consistent with these requirements under special arrangements, and at a cost less than what would be charged for an exclusive use vehicle. A revised regulatory guide will be published to reflect these changes, which will describe in further detail the appropriate means for complying with the requirements for maintaining control of the shipments.

(3) *Exclusive use vehicles.* Some commenters questioned the use of the term "exclusive use vehicle." It was claimed that prohibiting other cargo from being transported in the same vehicle with a shipment of SNM of moderate strategic significance would not necessarily affect the security of the shipment and thus is unjustified. The term "exclusive use vehicle" was used in the proposed amendments in reference to a type of service routinely offered in the motor freight industry. In order to avoid confusion, the term "exclusive use vehicle" does not appear in the final amendments. More descriptive language focusing only on the security aspects of these shipments has been substituted.

One commenter also suggested that the requirement for exclusive use vehicles goes beyond the stated objective of the proposed rule. Although use of an exclusive use vehicle itself would not prevent the theft of this material, it would not appear to be inconsistent with assuring early detection of a possible theft. Also, it should be noted that the final amendments permit the use of alternative means for satisfying this objective.

(4) *Communications.* Some commenters considered the proposed requirement for periodic communications between the shipper, receiver, or their designee, and the transport vehicle to be unnecessary since they supplement existing requirements for tracing lost or unaccounted for shipments and notifying authorities. It also was suggested that communications more often than every several hours would slow shipments, greatly increase operating costs, and effectively eliminate less-than-truckload shipments. Conversely, however, one commenter endorsed the proposed periodic communications requirement and suggested exclusive use vehicles be used, equipped with satellite-based navigation receivers and transmitters.

Some commenters questioned specifically whether communications would be required during periods when the shipment was in temporary storage, and whether the requirement was intended to apply to all modes or only to road shipments. With regard to the periodic communications requirement, the objective of early detection could be achieved by periodic reports from the carrier on the shipment's status relative to a predetermined itinerary. Several airfreight and motor freight carriers who have previously handled shipments of special nuclear material are known to provide the appropriate tracing services at no additional cost. Computerized data bases maintained by some of the motor freight carriers are generally updated every 10 to 14 hours, and more frequently in the case of air shipments.

Concerning the use of a satellite communications system, as suggested by one commenter, this could conceivably satisfy the proposed communications requirements but it would not be appropriate for the Commission to require a particular system design or type of hardware in preference to other acceptable alternatives.

(5) *Cost effectiveness.* Some commenters stated that the proposed amendments would result in cost increases that would have a significant impact on the operations of nonpower reactor facilities which must financially justify their existence even though they might be subsidiaries of much larger companies or institutions. Generally, these statements appear to have been based on the premise that the proposed amendments would force licensees to utilize exclusive use vehicles for road portions of shipment in preference to less-than-truckload shipments.

As stated earlier, the additional physical protection measures included in the proposed amendments were not intended to force licensees to utilize exclusive use vehicles for road shipments. Based upon information developed in staff inquiries, the modifications to the proposed amendments will make it possible for licensees to satisfy the additional physical protection requirements for shipments of SNM of moderate strategic significance while continuing to employ common carriers provided they can make special arrangements for the required services. This should be possible to arrange at a cost significantly less than if an exclusive use vehicle were required. Thus the Commission has determined that the additional physical protection measures are cost effective in balancing the additional protection provided against the additional cost.

Paperwork Reduction Act Statement

The Nuclear Regulatory Commission has submitted this rule to the Office of Management and Budget for such review as may be appropriate under the Paperwork Reduction Act, Pub. L. 96-511. The SF-83, "Request for Clearance," Supporting Statement, and other related documentation submitted to OMB have been placed in the Public Document Room at 1717 H St., NW., Washington, D.C. 20555 for inspection and copying for a fee. The application requirements contained in this regulation have been approved by the Office of Management and Budget; OMB approval No. 3150-0002 (expires May 31, 1983).

Regulatory Flexibility Statement

In accordance wih the Regulatory Flexibility Act of 1980, 5 U.S.C. 605(b), the Commission hereby certifies that this rule, if promulgated, will not have a significant economic impact on a substantial number of small entities. This proposed rule would amend 10 CFR Part 73 to require certain improvements in the capabilities of physical protection systems provided by licensees to protect against the theft or loss of special nuclear material of moderate strategic significance while this material is in transit. These improvements would increase the cost of shipment of this material in absolute terms, but the total costs of transportation would generally remain less than one percent of the value of the material shipped. In addition, the number of shipments expected to be made annually is quite low, estimated to be about thirty shipments per year based upon past experience in the nuclear industry. The licensees who could be affected by these amendents number approximately 37 possessing special nuclear material of moderate strategic significance, 27 of which operate nonpower reactors. In addition to these 37 licensees, there are about six licensees possessing formula quantities of strategic special nuclear material who may occasionally choose to ship their material in less than formula quantities. All the licensees potentially affected are either large private or state universities, large corporations, each employing in excess of 500 persons having annual sales or revenues in excess of $1 million, or state or Federal agencies. Less than ten of the affected licensees are small colleges or businesses that fall within the scope of the definition of "small entities" set forth in the Regulatory Flexibility Act or the Small Business Size Standards in regulations issued by the Small Business Administration at 13 CFR Part 21.

List of Subjects in 10 CFR Part 73

Hazardous materials—transportation, Nuclear materials, Nuclear plants and reactors, Penalty, Reporting requirements, and Security measures.

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and section 553 of Title 5 of the United States Code, the following amendments to Title 10, Chapter I, Code of Federal Regulations, Part 73, are published as a document subject to codification.

PART 73—PHYSICAL PROTECTION OF PLANTS AND MATERIALS

1. The authority citation for Part 73 continues to read as follows:

Authority: Secs. 53, 147, 161b, 161i, 161o, Pub. L. 85-703, 68 Stat. 930, 948-950, as amended, Pub. L. 85-507, 72 Stat. 327, Pub. L. 88-489, Stat. 602, Pub. L. 93-377, 88 Stat. 475, Pub. L. 96-295, 94 Stat. 780 (42 U.S.C. 2073, 2201, 2167); Sec. 201, Pub. L. 93-438, 88 Stat. 1242, 1243, as amended, Pub. L. 94-79, 89 Stat. 413 (42 U.S.C. 5841). For the purposes of Sec. 223, 68 Stat. 958, as amended, (42 U.S.C. 2273), 73.37(g) and § 73.55 are issued under Sec. 161b, 68 Stat. 948, as amended, 42 U.S.C. 2201(b); §§ 73.20, 73.24, 73.25, 73.26, 73.27, 73.37, 73.40, 73.45, 73.46, 73.50, 73.55, and 73.67 are issued under Sec. 161i, 68 Stat. 949, as amended, 42 U.S.C. 2201(i); and §§ 73.20(c)(i), 73.24(b)(i), 73.26(b)(3), (h)(6), (i)(6) and (k)(4), 73.27(a) and (b), 73.37(f), 73.40(b) and (d), 73.46 (g)(6) and (h)(2), 73.50 (g)(2), (3)(iii)(B) and (h), 73.55(h)(2), and (4)(iii)(B), 73.70, 73.71 and 73.72 are issued under Sec. 161o, 68 Stat. 950, as amended, 42 U.S.C. 2201(o). Paragraph 73.37(f) also is issued under Section 301 Pub. L. 96-295, 94 Stat. 280.

2. Section 73.67 is amended as follows:

a. Paragraph (c)(1) is revised.

b. Paragraph (e)(1)(iii) is removed and paragraphs (e)(1)(iv) and (v) are redesignated as (e)(1)(iii) and (iv).

c. The introductory text of paragraph (e)(3) and paragraphs (e)(3)(i) and (e)(3)(vi) are revised.

d. Paragraph (e)(3)(vii) is added.

e. Paragraph (e)(4) is redesignated as paragraph (e)(5) and revised.

f. Paragraphs (e)(5) and (e)(6) are redesignated as (e)(6) and (e)(7).

g. A new paragraph (e)(4) is added.

§ 73.67 Licensee fixed site and in-transit requirements for the physical protection of special nuclear material of moderate and low strategic significance.

* * * * *

(c) * * *

(1) Submit a security plan or an amended security plan describing how the licensee will comply with all the requirements of § 73.67 (d), (e), (f) and (g), as appropriate, including schedules of implementation

* * * * *

(e) * * *

(i) * * *

(iii) Check the integrity of the container and locks or seals prior to shipment, and

(iv) Arrange for the in-transit physical protection of the materials in accordance with the requirements of § 73.67(e)(3) of this part unless the receiver is a licensee and has agreed in writing to arrange for the in-transit physical protection.

* * * * *

(3) Each licensee who arranges for the in-transit physical protection of special nuclear material of moderate strategic significance, or who takes delivery of this material free on board (f.o.b.) the point at which it is delivered to a carrier for transport shall:

(i) Arrange for telephone or radio communications between the transport and the licensee or its designee: (A) To periodically confirm the status of the shipment (B) for notification of any delays in the scheduled shipment, and (C) to request appropriate local law enforcement agency response in the event of an emergency.

* * * * *

(vi) Initiate immediately a trace investigation of any shipment that is determined to be lost or unaccounted for after a reasonable time beyond the estimated arrival time.

(vii) Notify immediately the Director of the appropriate Nuclear Regulatory Commission Regional Office listed in Appendix A of this part of the action being taken to trace the shipment.

(4) Each licensee who arranges the physical protection of strategic special nuclear material in quantities of moderate strategic significance while in transit or who takes delivery of this material free on board (f.o.b.), the point at which it is delivered to a carrier for transport shall, in addition to the requirements of (e)(1), (e)(2), and (e)(3) above:

(i) Make all shipments of the material either (A) in dedicated transports with no intermediate stops to load or unload other cargo and with no carrier or vehicle transfers or temporary storage in-transit, or (B) under arrangements whereby the custody of the shipment and all custody transfers are acknowledged by signature, and

(ii) Maintain the material under lock or under the control of an individual who has acknowledged acceptance of custody of the material by signature.

(5) Each licensee who exports special nuclear material of moderate strategic significance shall comply with the requirements specified in § 73.67(c), (e)(1), (e)(3) and (e)(4).

(6) Each licensee who imports special nuclear material of moderate strategic significance shall,

(i) Comply with the requirements specified in § 73.67 (c), (e)(2), (e)(3), (e)4).

(ii) Notify the exporter who delivered the material to a carrier for transport of the arrival of such material.

(7) If, after receiving advance notice pursuant to § 73.72 from a licensee planning to import, export, transport, deliver to a carrier for transport in a single shipment, or take delivery at the point where it is delivered to a carrier, special nuclear material of moderate strategic significance containing in any part stritegic special nuclear material, it appears to the Commission that two or more shipments of special nuclear material of moderate strategic significance, constituting in the aggregate an amount equal to or greater than a formula quantity of strategic special nuclear material, may be en route at the same time, the Commission may order one or more of the shippers to

delay shipment according to the following provisions:

* * * * *

Dated at Washington, D.C. this 29th day of April, 1982.

For the Nuclear Regulatory Commission.

Samuel J. Chilk,

Secretary of the Commission.

[FR Doc. 82-12067 Filed 5-3-82; 8:45 am]

BILLING CODE 7590-01-M

FEDERAL HOME LOAN BANK BOARD

12 CFR Part 550

[No. 82-309]

Delegation of Authority Regarding Trust Powers Applications

April 28, 1982.

AGENCY: Federal Home Loan Bank Board.

ACTION: Final rule.

SUMMARY: The Federal Home Loan Bank Board ("Board") has delegated to its Principal Supervisory Agents the authority to approve certain applications for trust powers. These amendments are intended to streamline the processing of applications that do not present significant legal or policy considerations.

EFFECTIVE DATE: May 4, 1982.

FOR FURTHER INFORMATION CONTACT: Gregory B. Smith (202-377-6451), Attorney, Office of General Counsel, Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D.C. 20552.

SUPPLEMENTARY INFORMATION: These amendments to the Board's regulations governing trust operations of federal savings and loan associations (12 CFR Part 550) delegate to the Board's Principal Supervisory Agents authority to approve applications by federal associations or their service corporations for trust powers.

Section 5(n) of the Home Owners' Loan Act, 12 U.S.C. 1464(n) ("Act"), authorizes the Board to grant by special permit to an association applying therefor, when not in contravention of state or local law, the right to act as trustee, executor, administrator, guardian, or in any other fiduciary capacity in which state banks, trust companies, or other corporations which compete with associations are permitted to act. Under that section, the Board may not issue a trust powers permit to any association that does not meet the capital and surplus requirement that state law imposes on state-chartered banks, trust companies, and corporations exercising such powers.

State law capital and surplus requirements serve as a threshold criterion, however; the Act further provides that, in considering those applications, "the Board may take into consideration the amount of capital and surplus of the applying association, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other factors and circumstances that seem to it proper." 12 U.S.C. 1464(n)(9), implemented at 12 CFR 550.2(b). In delegating authority to approve trust powers applications, the Board has prescribed minimum criteria relevant to those factors. If the applicant fails to meet any of those criteria or the Principal Supervisory Agency recommends that the application be denied, the application will be referred to the Board for consideration.

The Board has also amended 12 CFR 550.2 to clarify the scope and effect of approvals by the Board or its Principal Supervisory Agents of trust powers applications by specifying that the trust powers authorized are limited to those stated in the approval and the offices from which services based on those powers may be offered are limited to those listed in the application. The applicant would, therefore, have to reapply before exercising any additional trust power or offering fiduciary services at additional offices.

In addition, the Board has amended 12 CFR 550.3 to delegate to the Principal Supervisory Agents the Board's authority to issue to the federal association resulting from a merger or consolidation a certificate transferring to it the trust powers previously granted the disappearing association by the Board or a Principal Supervisory Agent.

Because the amendments pertain to internal Board procedures and will facilitate the processing of applications for fiduciary powers, and because it is in the public interest to provide prompt action on such applications, the Board believes it is appropriate to implement the amendments without delay. Therefore, the Board has determined that observance of the notice and public procedure provisions of 12 CFR 508.11 and 5 U.S.C. 553(b) is unnecessary and that publication of these amendments for the period specified in 12 CFR 508.14 and 5 U.S.C. 553(d), prior to the effective date of the amendments, is likewise unnecessary.

List of Subjects in 12 CFR Part 550

Savings and loan associations, Fiduciary powers, Trusts and trustees, Applications.

Accordingly, the Board hereby amends Part 550, Subchapter C, Chapter V of Title 12, Code of Federal Regulations, as set forth below.

SUBCHAPTER C—FEDERAL SAVINGS AND LOAN SYSTEM

PART 550—TRUST POWERS OF FEDERAL ASSOCIATIONS

1. Amend § 550.2 by adding new paragraphs (c) and (d), to read as follows:

§ 550.2 Applications.

* * * * *

(c) Board approval of applications filed under this section may be given by the Principal Supervisory Agent, provided that all of the following conditions are met:

(1) The application does not raise any significant issues of law or policy on which the Board has not taken a formal position;

(2) The financial condition of the association meets the financial standards prescribed for state-chartered corporate fiduciaries by the laws of each state in which the association has offices from which it will offer the fiduciary services (the Principal Supervisory Agent may consider the net worth of a mutual association as equivalent to capital stock and surplus when state law prescribes minimum capital stock and surplus requirements) and the Principal Supervisory Agent has determined that the financial condition of the association is sufficient to support the proposed trust operations;

(3) The association has submitted a legal opinion from independent counsel certifying that the proposed trust powers are authorized for state-chartered corporate fiduciaries by the laws of each state in which the association has offices from which it will offer fiduciary services;

(4) The association's net worth meets the Board's minimum requirements for that association under § 563.13 of this Chapter;

(5) Based on the most recent examination of the association and any other available information, the Principal Supervisory Agent determines that any deficiencies with respect to the association's management are minor;

(6) Based on the most recent examination of the association and any other available information, the Principal Supervisory Agent determines that the overall performance of the association is satisfactory;

(7) The proposed trust officer(s) who would be in charge of the trust operations must (a) have been responsible for trust operations or fiduciary matters comparable to those