

5.205(1), provided two possession limits are observed. Chromalloy may use and transfer up to 15 pounds of source material at any given time, and may receive up to 150 pounds of source material in any one calendar year. Since the 15 splash rings and 15 fuel nozzles in the AGT 1500 tank engine are 2 percent thorium by weight, Chromalloy could possess up to 750 pounds of such nickel-thoria alloy parts at any given time, and up to 7,500 pounds of such parts in any calendar year.

Impact

Denying the petition would have no negative impact on Chromalloy. As a Florida general licensee, Chromalloy could repair AGT 1500 tank gas turbine engines. However, contrary to its stated desires in the petition, Chromalloy now indicates it has no definite plans to begin such repairs in the foreseeable future. But, to grant this petition the NRC would incur the cost of conducting a rulemaking. Moreover, before this action could have an effect on Chromalloy, the cost of an additional rulemaking to change the Florida Administrative Code would need to be incurred by the State of Florida. Whether Florida would decide to change its Administrative Code is uncertain.

In summary, this petition is being denied because no benefits of granting the petition could be identified and the cost of granting the petition would include two rulemakings. Thus, when viewed in terms of regulatory effectiveness and efficiency, the NRC can not justify the expenditure of resources to grant this petition. For the reasons cited in this document, the NRC denies the petition.

Dated at Rockville, Maryland, this 16th day of July, 1999.

For the Nuclear Regulatory Commission.

Frank J. Miraglia, Jr.,

Acting Executive Director for Operations.

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NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Organization and Operations of Federal Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of proposed rulemaking and request for comments.

SUMMARY: The NCUA is proposing to amend its regulation regarding

secondary capital accounts in low-income designated credit unions to specify that interest on these accounts may be accrued in the account, paid directly to the investor, or paid into a separate account from which an investor may make withdrawals. The NCUA believes that the proposed changes will clarify the permissible alternatives and provide additional flexibility for low-income designated credit unions.

DATES: Comments must be received on or before September 27, 1999.

ADDRESSES: Direct comments to Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428. You may also fax comments to (703) 518-6319. *Please send comments by one method only.*

FOR FURTHER INFORMATION CONTACT: Frank S. Kressman, Staff Attorney, Division of Operations, Office of General Counsel, at the above address or telephone: (703) 518-6540.

SUPPLEMENTARY INFORMATION: Federal credit unions that serve predominantly low-income members may be designated by NCUA as low-income credit unions (LICUs). LICUs play an important role in providing financial services to low-income individuals and communities for whom these services are often unavailable. LICUs often find it difficult, however, to accumulate capital due to the limited resources of their members. In response to this, NCUA promulgated rules in 1996 to enhance LICUs' ability to build capital. 61 FR 3788 (February 2, 1996); 61 FR 50696 (September 27, 1996). Specifically, § 701.34 of NCUA's regulations permits LICUs to offer secondary capital accounts to nonnatural person members and nonnatural person nonmembers.

Section 701.34 provides that funds in the secondary capital account must be available to cover operating losses realized by the credit union that exceed its net available reserves and undivided earnings. This includes accrued interest that has been paid into the account. NCUA wishes to clarify, however, that although interest paid into the secondary capital account must remain there until account maturity, there are other permissible alternatives for disposing of accrued interest. Specifically, in addition to depositing accrued interest into the secondary capital account, a credit union may pay the interest directly to the investor or deposit it into a separate account from which the investor could make withdrawals.

Section 701.34 specifies that net available reserves and undivided

earnings, as described above, are reserves and undivided earnings exclusive of allowance accounts for loan and investment losses. Allowance accounts for investment losses are no longer recognized by generally accepted accounting principles or NCUA's regulatory accounting practices. Accordingly, the proposed rule makes no reference to these accounts. Language in the rule pertaining to allowance accounts for loan losses remains unchanged.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact any proposed regulation may have on a substantial number of small entities (primarily those under \$1 million in assets). The NCUA has determined and certifies that the proposed amendments, if adopted, will not have a significant economic impact on a substantial number of small credit unions. Accordingly, the NCUA has determined that a Regulatory Flexibility Analysis is not required.

Paperwork Reduction Act

NCUA has determined that the proposed amendments do not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

Executive Order 12612

Executive Order 12612 requires NCUA to consider the effect of its actions on state interests. It states that: "Federal action limiting the policy-making discretion of the states should be taken only where constitutional authority for the action is clear and certain, and the national activity is necessitated by the presence of a problem of national scope." This rule will not have a direct effect on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that this rule does not constitute a significant regulatory action for purposes of the executive order.

Agency Regulatory Goal

NCUA's goal is to promulgate clear and understandable regulations that impose minimal regulatory burden. We request your comments on whether the proposed amendment is understandable and minimally intrusive if implemented as proposed.

List of Subjects in 12 CFR Part 701

Credit unions, Reporting and recordkeeping requirements.

By the National Credit Union Administration Board on July 22, 1999.

Becky Baker,

Secretary of the Board.

For the reasons set forth above, it is proposed that 12 CFR part 701 be amended as follows:

PART 701—ORGANIZATION AND OPERATIONS OF FEDERAL CREDIT UNIONS

1. The authority citation for part 701 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1787, and 1789. Section 701.6 is also authorized by 31 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 *et seq.*, 42 U.S.C. 1861 and 42 U.S.C. 3601–3610. Section 701.35 is also authorized by 42 U.S.C. 4311–4312.

2. Section 701.34 is amended by revising paragraph (b)(7) to read as follows:

§ 701.34 Designation of low-income status; receipt of secondary capital accounts by low-income designated credit unions.

* * * * *

(b) * * *

(7) Funds deposited into the secondary capital account, including interest accrued and paid into the secondary capital account, must be available to cover operating losses realized by the credit union that exceed its net available reserves and undivided earnings (*i.e.*, reserves and undivided earnings exclusive of allowance accounts for loan losses), and to the extent funds are so used, the credit union shall under no circumstances restore or replenish the account. The credit union may, in lieu of paying interest into the secondary capital account, pay interest accrued on the secondary capital account directly to the investor or into a separate account from which the secondary capital investor may make withdrawals. Losses shall be distributed pro-rata among all secondary capital accounts held by the credit union at the time the losses are realized.

* * * * *

3. The appendix to § 701.34 is amended by revising the second to last paragraph to read as follows:

Appendix to § 701.34

* * * * *

The funds committed to the secondary capital account and any interest paid into the account may be used by _____ (name of credit union) to cover any and all

operating losses that exceed the credit union's net available reserves and undivided earnings exclusive of allowance accounts for loan losses, and in the event the funds are so used _____ (name of credit union) will under no circumstances restore or replenish those funds to _____ (organization).

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NATIONAL CREDIT UNION ADMINISTRATION**12 CFR Part 704****Corporate Credit Unions**

AGENCY: National Credit Union Administration (NCUA).

ACTION: Advance notice of proposed rulemaking.

SUMMARY: NCUA requests public comment on revisions to the rule governing corporate credit unions (corporates). As part of its regulatory review process, NCUA has identified provisions for further clarification or revision. Comments from interested parties on these issues will assist NCUA in its regulatory review process.

DATES: Comments must be received on or before November 26, 1999.

ADDRESSES: Direct comments to Becky Baker, Secretary of the Board. Mail or hand-deliver comments to: National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428. You may fax comments to (703) 518-6319. *Please send comments by one method only.*

FOR FURTHER INFORMATION CONTACT: Robert F. Schafer, Director, Office of Corporate Credit Unions, at the above address or telephone (703) 518-6640; or Mary Rupp, Staff Attorney, Office of General Counsel, at the above address or telephone (703) 518-6540.

SUPPLEMENTARY INFORMATION:**A. Background**

On March 7, 1997, NCUA issued a final rule that completely revised part 704 of its regulations, the provisions governing corporates. 62 FR 12929 (March 19, 1997). The final rule noted that "[a] number of commenters strongly suggested that NCUA review the corporate regulation on an annual basis." *Id.* NCUA agreed that a periodic review was necessary, but that the frequency should be determined by circumstances and need. The NCUA Board directed the Office of Corporate Credit Unions (OCCU) to present a report on the rule within 18 months of

publication. When the final regulation's compliance date was extended from January 1, 1998, to May 1, 1998, the completion date for the report to the NCUA Board was extended to provide adequate time to assess the impact of the rule.

In February 1999, OCCU provided its report to the NCUA Board. The report identified the major areas of the rule for revision or clarification. The report was based on informal comments from 12 corporates, the Association of Corporate Credit Unions, the National Association of State Credit Union Supervisors, OCCU staff, and Office of Investment Services staff.

This advance notice of proposed rulemaking requests comment on several issues raised as a result of OCCU's 18 month review. While NCUA welcomes comment on other sections of Part 704 not addressed in this advance notice, a proposed rule will be issued providing another opportunity to provide comments on all sections of Part 704.

B. Specific Areas for Review**Section 704.2 Definitions****Asset-Backed Securities**

NCUA seeks comment on the definition of asset-backed security. There has been some confusion as to the types of securities that are permissible under the current, broad definition. For example, the definition does not specifically prohibit securities with foreign collateral. However, corporates are only permitted to make foreign investments if they have Part III Expanded Authority. NCUA is seeking recommendations on how to address this issue.

Membership Capital

A number of issues have been raised regarding the various capital accounts in part 704. Membership capital has been the most utilized source of additional capital for corporates.

The regulation allows for an adjustment period during which the membership capital account can be adjusted in relation to a specific measure. Although the regulation does not dictate the measure, many corporates utilize a member's asset size. NCUA seeks comment on whether the regulation should require a specific measure, such as, requiring the membership capital account to be adjusted in order to remain equivalent to at least one percent of the member credit union's assets as of December 31st of the prior year.

Additionally, the regulation does not state the frequency of the adjustment