

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF AGRICULTURE

### Food Safety and Inspection Service

#### 9 CFR Parts 319 and 381

[Docket No. 92-024E]

RIN 0583-AB51

#### Food Standards: Requirements for Processed Meat and Poultry Products Named by Use of an Expressed Nutrient Content Claim and a Standardized Term—Extension of Comment Period

**AGENCY:** Food Safety and Inspection Service, USDA.

**ACTION:** Notice; extension of comment period.

**SUMMARY:** The Food Safety and Inspection Service (FSIS) is extending the comment period for the proposed rule, "Food Standards: Requirements for Processed Meat and Poultry Products Named by Use of an Expressed Nutrient Content Claim and a Standardized Term" for an additional 180 days.

**DATES:** Comments must be received on or before November 25, 1996.

**ADDRESSES:** An original and two copies of written comments should be sent to: FSIS Docket Clerk, Docket No. 92-024P, Room 4352, South Agriculture Building, Food Safety and Inspection Service, U.S. Department of Agriculture, Washington, DC 20250-3700. Oral comments should be directed to Mr. Charles R. Edwards, Director, Product Assessment Division, at (202) 254-2565.

**FOR FURTHER INFORMATION CONTACT:** Mr. Charles R. Edwards, Director, Product Assessment Division, Regulatory Programs, Food Safety and Inspection Service, U.S. Department of Agriculture, Washington, DC 20250-3700, (202) 254-2565.

**SUPPLEMENTARY INFORMATION:** FSIS and the Food and Drug Administration (FDA) have initiated reviews of their regulations pertaining to food standards of identity and composition. Each agency's review responds in part to

President Clinton's March 4, 1995, memorandum to heads of departments and agencies, titled "Regulatory Reinvention Initiative." This memorandum directed departments and agencies to conduct a page-by-page review of all of their regulations and eliminate or revise those that are outdated or otherwise in need of reform.

On December 29, 1995, FSIS published a proposed rule "Food Standards: Requirements for Processed Meat and Poultry Products Named by Use of an Expressed Nutrient Content Claim and a Standardized Term" (60 FR 67474). The rule proposes to establish a general definition and standard of identity for standardized meat and poultry products that have been modified to qualify for use of certain expressed nutrient content claims as part of the product name.

Also, on December 29, 1995, FDA published an Advance Notice of Proposed Rulemaking (ANPR) "Food Standards of Identity, Quality, and Fill of Containers; Common or Usual Name Regulations; Request for Comments on Existing Regulations," (60 FR 67492). The ANPR solicited comments from interested parties on whether FDA's regulations regarding identity, quality, and fill of container for standardized foods and its common or usual name regulations for nonstandardized foods should be retained, revised, or revoked. The ANPR also addressed the need for consistency between FSIS and FDA in the development and implementation of food standards. FDA stated that it believes such harmonization will help manufacturers comply with the requirements of both agencies. On May 1, 1996, FDA extended the comment period on its ANPR until June 28, 1996, to receive comments only on the issue of FDA and FSIS harmonization of food standards (61 FR 19220).

FSIS is also developing and will soon publish an ANPR that will solicit information from the public on what direction further food standards reform should take, including suggestions on whether to alter or eliminate entirely the regulations for standardized meat and poultry products.

FSIS's proposed rule and its soon-to-be-published ANPR encompass the Agency's food standards review initiative. Therefore, to give the public an opportunity to consider the proposed rule and ANPR simultaneously, and in

response to requests, FSIS is extending the comment period 180 days for the proposed rule "Food Standards: Requirements for Processed Meat and Poultry Products Named by Use of an Expressed Nutrient Content Claim and a Standardized Term."

Done at Washington, DC, on: May 22, 1996.

Michael R. Taylor,

*Acting Under Secretary for Food Safety.*

[FR Doc. 96-13409 Filed 5-23-96; 1:41 pm]

BILLING CODE 3410-DM-P

## FEDERAL RESERVE SYSTEM

### 12 CFR Part 230

[Regulation DD; Docket No. R-0904]

#### Truth in Savings

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Withdrawal of proposed official staff interpretation.

**SUMMARY:** The Board is withdrawing proposed revisions to the official staff commentary to Regulation DD (Truth in Savings) concerning guidance on issues of general interest, based on considerations of regulatory burden which was published in the Federal Register on December 6, 1995.

**DATES:** The proposal is withdrawn May 21, 1996.

**FOR FURTHER INFORMATION CONTACT:** Jane Ahrens, Senior Attorney, or Michael L. Hentrel, Staff Attorney, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, at (202) 452-3667 or 452-2412. For users of Telecommunications Device for the Deaf (TDD) only, please contact Dorothea Thompson, at (202) 452-3544.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

The purpose of the Truth in Savings Act (TISA), 12 U.S.C. 4301 *et seq.*, is to assist consumers in comparing deposit accounts offered by depository institutions. The TISA requires institutions to disclose fees, the interest rate, the annual percentage yield (APY), and other account terms whenever a consumer requests the information and before an account is opened. Fees and other information also must be provided on any periodic statement the

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

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

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

## II. Discussion

### *Leap-Year Calculations*

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

The Board published on December 6, 1995 proposed revisions to the commentary that further discussed leap-year calculations of interest, as well as the APY and the APYE. Numerous commenters opposed the proposed revisions (60 FR 62349). Many believed the regulation sufficiently addresses the

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

### *Compounding and Crediting Policies*

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

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

payment of interest. Many stated that the proposal would result in a reduction of account choices or interest rates available to consumers for those institutions wishing to avoid accruing interest on interest credited to and remaining in the account.

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

### *Other Proposed Revisions*

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

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

William W. Wiles,

*Secretary of the Board.*

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

BILLING CODE 6210-01-P

## 12 CFR Part 245

[Regulation V; Docket No. R-0928]

### **Loan Guarantees for Defense Production**

**AGENCY:** Board of Governors of the Federal Reserve System.

**ACTION:** Proposed rule.

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

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

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