

(6) Credit procedures address the availability and impact of credit exposure reduction techniques (e.g., bilateral collateral agreements and/or mutual margining agreements).

(7) The corporate credit union can calculate the current mark-to-market (current exposure) as well as projected changes in value (potential exposure) when assessing credit exposure per transaction and counterparty.

(8) Reports track the aggregate and net exposures for each counterparty.

(9) Mark-to-market calculations are obtained independently from qualified sources as frequently as necessary.

(10) Policies and procedures address the issue of settlement risk and establish prudent settlement limits where applicable.

(f) *Liquidity risk management.* (1) Effective controls exist for liquidity exposures arising from both market or product liquidity and instrument cash flows.

(2) Policies address the exposures to cash flow gaps arising from derivative transactions and establish appropriate limits on the size and duration of such gaps (e.g., concentration of swap payments, margin calls, or early terminations).

(3) Liquidity management procedures for derivatives are an integral part of the day-to-day operations and are also incorporated into the overall liquidity stress test and contingency funding plan requirements of § 704.8.

(4) Monitoring procedures are integrated with the overall liquidity management process for all corporate credit union activities.

(g) *Audit and compliance.* (1) An independent risk management unit is responsible for measuring and reporting risk exposures taken in derivatives.

(2) Audit coverage is adequate to ensure timely identification of internal control weaknesses or system deficiencies. Audit coverage is provided by competent professionals who are knowledgeable about the risks inherent in derivative transactions and have commensurate experience auditing financial institutions which utilize the same or similar types of derivatives. The scope of the audit includes coverage of the accounting, legal, operating, and risk controls.

(3) All risk measurement applications and models are reviewed and validated annually.

(4) Controls are in place to ensure documentation is confirmed, maintained and safeguarded. Any documentation exceptions are monitored and reviewed by appropriate senior management and legal counsel.

(h) *Legal issues.* (1) The corporate credit union has in-house legal counsel or has access to outside counsel which can reasonably ensure that any derivatives related contracts adequately represent the legal and business interests of the corporate credit union.

(2) The corporate credit union has access to outside counsel which is expert in all financial derivatives contracts and related matters.

PART 709—INVOLUNTARY LIQUIDATION AND CREDITOR CLAIMS

2. The authority citation for part 709 continues to read as follows:

Authority: 12 USC 1766; Pub. L. 101-73, 103 Stat. 183, 530 (1989) (12 USC 1787 *et seq.*).

3. Section 709.5 is amended by revising paragraphs (b)(6) and (b)(7); removing the period and adding a semicolon and the word “and” at the end of paragraph (b)(8); and adding paragraph (b)(9) to read as follows:

§ 709.5 Payout Priorities in Involuntary Liquidation.

* * * * *

(b) * * *

(6) Shareholders to the extent of their respective uninsured shares and the National Credit Union Share Insurance Fund, to the extent of its payment of share insurance;

(7) In a case involving liquidation of a corporate credit union, membership capital; and

* * * * *

(9) In a case involving liquidation of a corporate credit union, paid-in capital.

* * * * *

PART 741—REQUIREMENTS FOR INSURANCE

4. The authority citation for part 741 continues to read as follows:

Authority: 12 USC 1757, 1766, and 1781-1790. Section 741.11 is also authorized by 31 USC 3717.

5. Section 741.219 is added to read as follows:

§ 741.219 Investment requirements.

Any credit union which is insured pursuant to Title II of the Act must adhere to the requirements stated in part 703 of this chapter concerning transacting business with corporate credit unions.

[FR Doc. 96-13518 Filed 6-3-96; 8:45 am]

BILLING CODE 7535-01-U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 95-ANE-65]

RIN 2120-AA64

Airworthiness Directives; CFM International CFM56-5/-5B/-5C Series Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the adoption of a new airworthiness directive (AD) that is applicable to CFM International (CFMI) CFM56-5/-5B/-5C series turbofan engines. This proposal would require initial and repetitive borescope inspections of the stage 1 disk bore of certain high pressure compressor rotor (HPCR) stage 1-2 spools for rubs and scratches, and replacement, if found rubbed or scratched, with a serviceable part. This proposal would also require removal and replacement of certain stationary number 3 bearing aft air/oil seals as terminating action to the inspection program. This proposal is prompted by a report of an engine found with a rub on the forward corner of the HPCR stage 1 disk bore due to contact with the stationary number 3 bearing aft air/oil seal. The actions specified by the proposed AD are intended to prevent a failure of the stage 1 disk of the HPCR stage 1-2 spool, which could result in an uncontained engine failure and damage to the aircraft.

DATES: Comments must be received by August 5, 1996.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Assistant Chief Counsel, Attention: Rules Docket No. 95-ANE-65, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may also be submitted to the Rules Docket by using the following Internet address:

“epdodcomments@mail.hq.faa.gov”. Comments may be inspected at this location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from CFM International, Technical Publications Department, One Neumann Way, Cincinnati, OH 45215; telephone (513) 552-2981, fax (513) 552-2816. This information may be examined at the FAA, New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: Robert J. Ganley, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; telephone (617) 238-7138, fax (617) 238-7199.

SUPPLEMENTARY INFORMATION:**Comments Invited**

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket Number 95-ANE-65." The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, New England Region, Office of the Assistant Chief Counsel, Attention: Rules Docket No. 95-ANE-65, 12 New England Executive Park, Burlington, MA 01803-5299.

Discussion

This proposed airworthiness directive (AD) is applicable to CFM International (CFMI) CFM56-5/-5B/-5C series turbofan engines. The Federal Aviation Administration (FAA) has received a report of an engine found with a rub on the forward corner of the high pressure compressor rotor (HPCR) stage 1 disk bore due to contact with the stationary number 3 bearing aft air/oil seal. The manufacturer has discovered a potential lack of clearance condition between the HPCR stage 1 disk bore and certain stationary number 3 bearing aft air/oil seals. This potential lack of clearance may result in contact between the two parts during engine operation. The manufacturer has determined that this lack of clearance condition is limited to

engines that have a certain stationary number 3 bearing aft air/oil seal installed. This condition, if not corrected, could result in a failure of the stage 1 disk of the HPCR stage 1-2 spool, which could result in an uncontained engine failure and damage to the aircraft.

The FAA has reviewed and approved the technical contents of CFM56-5 Service Bulletin (SB) No. 72-440, CFM56-5B SB No. 72-064, and CFM56-5C SB No. 72-229, all Revision 2, dated June 23, 1995, that describes procedures for borescope inspections of the stage 1 disk bore of certain HPCR stage 1-2 spools for rubs and scratches.

Since an unsafe condition has been identified that is likely to exist or develop on other products of this same type design, the proposed AD would require initial and repetitive borescope inspections of the stage 1 disk bore of certain HPCR stage 1-2 spools for rubs and scratches, and replacement, if found rubbed or scratched, with a serviceable part. This proposal would also require removal and replacement of certain stationary number 3 bearing aft air/oil seals as terminating action to the inspection program. The actions would be required to be accomplished in accordance with the SB's described previously.

There are approximately 131 engines of the affected design in the worldwide fleet. The manufacturer has advised the FAA that there are no engines installed on U.S. registered aircraft that would be affected by this AD. Therefore, there is no associated cost impact on U.S. operators as a result of this AD. However, should an affected engine be imported on an aircraft and placed on the U.S. registry in the future, it would take approximately 402 work hours to accomplish the required actions, and that the average labor rate is \$60 per work hour. Required parts would cost approximately \$87,700 per engine. Based on these figures, the cost impact of the proposed AD is estimated to be \$111,820 per engine.

The regulations proposed herein would not have substantial direct effects 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. Therefore, in accordance with Executive Order 12612, it is determined that this proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this proposed regulation (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not

a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) if promulgated, will not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) as follows:

PART 39—AIRWORTHINESS DIRECTIVES

1. The authority citation for part 39 continues to read as follows:

Authority: 49 USC 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive: CFM International: Docket No. 95-ANE-65.

Applicability: CFM International (CFMI) CFM56-5/-5B/-5C series turbofan engines, installed on but not limited to Airbus A320, A321, and A340 series aircraft.

Note: This airworthiness directive (AD) applies to each engine identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For engines that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must use the authority provided in paragraph (h) to request approval from the Federal Aviation Administration (FAA). This approval may address either no action, if the current configuration eliminates the unsafe condition, or different actions necessary to address the unsafe condition described in this AD. Such a request should include an assessment of the effect of the changed configuration on the unsafe condition addressed by this AD. In no case does the presence of any modification, alteration, or repair remove any engine from the applicability of this AD.

Compliance: Required as indicated, unless accomplished previously.

To prevent a failure of the stage 1 disk of the high pressure compressor rotor (HPCR) stage 1-2 spool, which could result in an uncontained engine failure and damage to the aircraft, accomplish the following:

(a) For CFM56-5/-5B/-5C engines that have a stationary number 3 bearing aft air/oil seal, Part Number (P/N) 1364M71G02, installed, inspect the stage 1 disk of the HPCR stage 1-2 spool in accordance with the Accomplishment Instructions of CFM56-5 Service Bulletin (SB) No. 72-440, CFM56-5B SB No. 72-064, or CFM56-5C SB No. 72-229, all Revision 2, dated June 23, 1995, as applicable, as follows:

(1) If the disk has been previously inspected prior to the effective date of this AD, inspect prior to accumulating 2,200 cycles since new (CSN).

(2) If the disk has been previously inspected prior to the effective date of this AD, and the disk was found *not* to be rubbed or scratched, reinspect prior to accumulating 2,200 cycles since last inspection (CSLI).

(b) Thereafter, for disks that have been inspected in accordance with paragraph (a)(1) or (a)(2) of this AD, inspect in accordance with the Accomplishment Instructions of CFM56-5 SB No. 72-440, CFM56-5B SB No. 72-064, or CFM56-5C SB No. 72-229, all Revision 2, dated June 23, 1995, as applicable, at intervals not to exceed 2,200 CSLI.

(c) Remove from service HPCR stage 1-2 spools with rubbed or scratched stage 1 disks and replace with a serviceable part, as follows:

(1) For spools with less than 2,200 CSN on the effective date of this AD, at the next engine shop visit after the effective date of this AD, or prior to accumulating 2,200 CSN, whichever occurs first.

(2) For spools with 2,200 CSN or more on the effective date of this AD, at the next engine shop visit after the effective date of this AD, or prior to accumulating 2,200 CSLI, whichever occurs first.

(d) Remove from service stationary number 3 aft air/oil seals, P/N 1364M71G02, at the next engine shop visit after the effective date of this AD, and replace with a serviceable part. Compliance with this paragraph constitutes terminating action to the inspection requirements of paragraphs (a)(1), (a)(2), and (b) of this AD.

(e) For the purpose of this AD, a serviceable HPCR stage 1-2 spool is defined as a spool without a rub or scratch indication on the stage 1 disk, a P/N 1834M55G01 spool, or a spool that has accomplished the stage 1 disk rework in accordance with any revision level of CFM56-5 SB No. 72-442, CFM56-5B SB No. 72-066, or CFM56-5C SB No. 72-230, as applicable.

(f) For the purpose of this AD, a serviceable stationary number 3 bearing aft air/oil seal is defined as any seal other than a P/N 1364M71G02 seal.

(g) For the purpose of this AD, an engine shop visit is defined as the induction of an engine into the shop for any reason.

(h) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Engine Certification Office. The request should be forwarded through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Engine Certification Office.

Note: Information concerning the existence of approved alternative methods of

compliance with this airworthiness directive, if any, may be obtained from the Engine Certification Office.

(i) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the aircraft to a location where the requirements of this AD can be accomplished.

Issued in Burlington, Massachusetts, on May 22, 1996.

Robert E. Guyotte,
Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.
[FR Doc. 96-13890 Filed 6-3-96; 8:45 am]

BILLING CODE 4910-13-U

14 CFR Part 39

[Docket No. 93-ANE-79]

RIN 2120-AA64

Airworthiness Directives; Pratt & Whitney JT8D Series Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Supplemental notice of proposed rulemaking; reopening of comment period.

SUMMARY: This notice revises an earlier proposed airworthiness directive (AD), applicable to Pratt & Whitney (PW) JT8D series turbofan engines, that would have superseded a current AD by reducing the rear flange inspection interval for combustion chamber outer cases (CCOC's) when only the aft face of the rear flange has been inspected, and introducing an improved ultrasonic probe assembly. That proposal was prompted by reports of crack origins in the forward face of the rear flange that could not be detected by the inspection methods for installed CCOC's that were mandated in the current AD. This action retains the elements of the original proposal, but simplifies the compliance instructions, and incorporates a new PW Alert Service Bulletin (ASB). This action also revises the proposed rule by introducing new non-destructive inspection procedures (NDIP's), and introducing a rotating eddy current probe for shop inspections in which the case is removed from the engine. In addition, this action eliminates fluorescent penetrant inspection (FPI), fluorescent magnetic particle inspection (FMPI), and visual inspections from hot section disassembly level inspection procedures. This action also revises the proposed rule by consolidating the inspection requirements of an additional current AD, 95-08-15, into this proposed AD. The actions specified by this proposed AD are intended to prevent CCOC flange cracks that could

result in uncontained engine failure, inflight engine shutdown, engine cowl release, and airframe damage.

DATES: Comments must be received by August 5, 1996.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), New England Region, Office of the Assistant Chief Counsel, Attention: Rules Docket No. 93-ANE-79, 12 New England Executive Park, Burlington, MA 01803-5299. Comments may also be submitted to the Rules Docket by using the following Internet address: "epd-adcomments@mail.hq.faa.gov". Comments may be inspected at this location between 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Pratt & Whitney, 400 Main Street, East Hartford, CT 06108. This information may be examined at the FAA, New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA.

FOR FURTHER INFORMATION CONTACT: Mark A. Rumizen, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803-5299; telephone (617) 238-7137, fax (617) 238-7199.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice