Board to prescribe recordkeeping rules for domestic and international funds transfers and money transmittals. The Board and the Treasury issued a joint rule,[4] effective May 28, 1996, that sets forth recordkeeping and reporting requirements for funds transfers and money transmittals by banks and nonbank financial institutions. These requirements are intended to assist in the investigation and prosecution of money-laundering activities. In promulgating these rules, the Board and the Treasury determined that the requirements would have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings. The substance of the joint rule is codified with the Treasury's Bank Secrecy Act regulations in 31 CFR part 103.[5] At the same time, the Board added subpart B to its Regulation S (12 CFR part 219) to cross-reference the joint rule.

Under its general Bank Secrecy Act regulations, the Treasury may make exceptions or grant exemptions from the requirements in 31 CFR part 103 for particular persons or classes of persons or particular transactions or classes of transactions.[6] The Board has no similar exemptive provisions in Regulation S. The Board recognizes the possibility that the Treasury could grant an exception or exemption for a person or transaction subject to the joint rule. Therefore, on August 21, 1996 (61 FR 43195), the Board requested comments on an amendment to clarify that subpart B does not apply to a particular person or class of persons, or particular transaction or class of transactions, to the extent that the Treasury has determined that the joint rule does not apply to that person, transaction, or class of persons or transactions.

Four comments, all favorable, were received in response to the proposed change. Three comments were received from Federal Reserve Banks, all of which supported the proposed amendment to clarify the intent of subpart B of Regulation S. One comment was received from a bank trade association, which supported the amendment, stating that ''any revisions that eliminate potential confusion help to alleviate regulatory burden.'' That comment did suggest that the final language be revised and put into clearer language—less ''legalese.'' The language used in the amendment to subpart B adopts the terminology used in the exemption authority given the Secretary of the Treasury in 31 CFR 103.45; and, to avoid confusion, the Board will continue to use the same terminology.

Accordingly, to avoid confusion and to ensure consistent application of the joint rule and subpart B of Regulation S, the Board has amended Regulation S to clarify that subpart B does not apply to a particular person or class of persons or particular transaction or class of transactions to the extent that the Treasury has determined that the joint rule does not apply to that person, transaction, or class of persons or transactions.

Regulatory Flexibility Analysis

Pursuant to the Regulatory Flexibility Act (5 U.S.C. 605(b)), the Board hereby certifies that this amendment to subpart B of Regulation S will not have a significant economic impact on a substantial number of small entities. The amendment eliminates uncertainty as to the application of the joint final rule and may result in reduced compliance burden to the extent that the Treasury exempts persons or transactions that would otherwise be subject to Regulation S. Accordingly, a regulatory flexibility analysis is not required.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Ch. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the rule under the authority delegated to the Board by the Office of Management and Budget. No collections of information pursuant to the Paperwork Reduction Act are contained in the final rule.

List of Subjects in 12 CFR Part 219

Banks, Banking, Currency, Foreign banking, Reporting and recordkeeping requirements.

For the reasons set out in the preamble, 12 CFR part 219 is amended as set forth below.

PART 219—REIMBURSEMENT FOR PROVIDING FINANCIAL RECORDS; RECORDKEEPING REQUIREMENTS FOR CERTAIN FINANCIAL RECORDS (REGULATION S)

* * * * *

Subpart B—Recordkeeping and Reporting Requirements for Funds Transfers and Transmittals of Funds

1. The authority citation for subpart B is revised to read as follows:

Authority: 12 U.S.C. 1829b(b)(2) and (3).

2. In § 219.21, the first word ''Such'' in the last sentence is revised to read ''These'' and a new sentence is added immediately preceding the last sentence to read as follows:

§ 219.21. Authority, purpose, and scope.

* * * This subpart does not apply to a particular person or class of persons or a particular transaction or class of transactions to the extent that the Treasury has determined that 31 CFR 103.33(e) or (f) do not apply to that person, transaction, or class of persons or transactions. * * *

By order of the Board of Governors of the Federal Reserve System, November 14, 1996.

William W. Wiles,

Secretary of the Board.

[FR Doc. 96–29638 Filed 11–19–96; 8:45 am]

BILLING CODE 6210–01–P

[4] 60 FR 231 (January 3, 1995), as modified by 60 FR 44144 (August 24, 1995) and 61 FR 14382 (April 1, 1996).

[5] 31 CFR 103.11 and 103.33 (e) and (f).

[6] *See* 31 CFR 103.45.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 95–ANE–45; Amendment 39–9815; AD 96–23–10]

RIN 2120–AA64

Airworthiness Directives; Pratt & Whitney JT3D Series Turbofan Engines

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to Pratt & Whitney (PW) JT3D series turbofan engines, that requires inspection of steel high pressure compressor (HPC) disks for corrosion, recoating or replating those disks, or replacing those disks as necessary. This amendment is prompted by reports of a failure of a PW JT8D steel HPC disk, which is similar in design to the PW JT3D steel HPC disks. The actions specified by this AD are intended to prevent steel HPC disk failure due to corrosion, which could result in an uncontained engine failure and damage to the aircraft.

DATES: Effective January 21, 1997.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of January 21, 1997.

ADDRESSES: The service information referenced in this AD may be obtained from Pratt & Whitney, Publications Department, Supervisor Technical Publications Distribution, M/S 132–30, 400 Main St., East Hartford, CT 06108; telephone (860) 565–7700, fax (860) 565–4503. This information may be

examined at the Federal Aviation Administration (FAA), New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Barbara Caufield, Aerospace Engineer, Engine Certification Office, FAA, Engine and Propeller Directorate, 12 New England Executive Park, Burlington, MA 01803–5299; telephone (617) 238–7146, fax (617) 238–7199.

SUPPLEMENTARY INFORMATION: A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD) that is applicable to Pratt & Whitney (PW) JT3D series turbofan engines was published in the Federal Register on October 31, 1995 (60 FR 53337). That action proposed to require inspection of steel high pressure compressor (HPC) disks, stages 10–15, for corrosion, recoating or replating those disks, or replacing those disks as necessary in accordance with PW Alert Service Bulletin (ASB) No. A6208, Revision 2, dated July 7, 1995.

Interested persons have been afforded an opportunity to participate in the making of this amendment. Due consideration has been given to the comments received.

Twelve commenters state that the compliance time to accomplish the AD should be extended. The commenters state that due to the complex workscope, aircraft down time, high cost, severe economic and operational burden, significant impact on parts procurement, and shop availability, the compliance times need to be extended. Times suggested range from four to seven years, or next shop visit, or at exposure. Pratt & Whitney has updated their risk analysis based on new data provided by operators and a study concerning disk fractures resulting in uncontained events. Based on this update they have revised Alert Service Bulletin (ASB) No. A6208, extending the threshold and drawdown intervals. The FAA concurs in part. The FAA has reviewed and approved the technical contents of PW ASB No. A6208, Revision 3, dated January 11, 1996, and therefore the compliance time will be extended to that included in the ASB based on PW's risk analysis. Other intervals proposed are not technically justified.

Nineteen commenters state that the cost estimate in the NPRM is too low since that estimate does not include the cost of additional maintenance required under Part 121 (additional parts that must be replaced that are unrelated to the AD requirements); engine testing, fuel, oil, transportation/shipping, aircraft downtime, etc. The FAA does not concur. The FAA's cost estimate is based on information from the engine manufacturer to remove and replace the engine, teardown and replacement of a percentage of HPC disks, and engine buildup. It does not include costs not directly associated with the AD, because those costs result from other maintenance requirements. The compliance schedule of this AD allows for operators to schedule the required actions with other, normally scheduled maintenance, thereby minimizing the direct costs of the AD.

Six commenters state that part availability and shop capacity are not adequate for the fleet to perform the AD. There is only one source for new parts, and the supplier will not be able to keep up with the demand for new disks and other parts. Some operators will not be able to obtain parts to meet AD requirements. Operators will be competing for shop space at the limited number of repair shops during a restricted period of time. The FAA does not concur. The manufacturer has advised the FAA that parts will be available to meet demand. In addition, the FAA has determined, based on repair station input, that shop capacity over the extended compliance time of this AD will be satisfactory.

Eleven commenters state that there have been no PW JT3D disk failures due to corrosion, and therefore no flight safety problem exists, and that the AD should be withdrawn. The FAA does not concur. Although there have been no known PW JT3D series disk failures to date attributable to corrosion, the risk analysis by PW shows that if corrosion inspection is not accomplished in accordance with the applicable Service Bulletins' schedules the probability of a disk fracture is unacceptably high.

Eight commenters question using JT8D experience as the basis for this AD, as no consideration was given to differences in engine application: i.e., four-engine versus twin-engine; that the PW JT3D disk is heavier, and therefore has adequate safety margin; and that the PW JT3D disk operates at slower speeds, different temperatures and pressures. The FAA concurs in part. The commenters are correct in that AD action was initiated because of similarity between the engines; however, the analysis to generate inspection intervals and drawdown times used data specific to the PW JT3D series.

Four commenters suggest that PW test a JT3D disk to failure to evaluate the need for an AD and to verify the failure mode. The FAA does not concur. The FAA determined that an unsafe condition exists based on an actual failure of a similarly designed disk and a risk analysis using JT3D data. No further testing is necessary, and the FAA has concluded that the actions required by this AD are necessary to address that unsafe condition.

Two commenters request a meeting between FAA, PW, and industry. The FAA does not concur. A meeting was held with PW and a group of operators in August 1995 prior to the publication of the NPRM; PW requested operator input data for risk analysis at that time.

Three commenters state that only limited numbers of JT3D disks were analyzed by PW in their risk analysis. The FAA does not concur. Since publication of the NPRM, PW updated their risk analysis based on additional data supplied by JT3D operators and the new data confirms the earlier findings.

Three commenters state that the FAA underestimated the number of affected engines in the economic analysis, and that 6,000 engines worldwide are affected, including military and foreign. The FAA does not concur. The FAA does not include military engines in its economic analyses; these only refer to the civilian fleet.

Two commenters state that the AD should take operators' maintenance programs into consideration and give flexible compliance schedules based on maintenance programs. Operators' current disk inspection and maintenance practices call for inspection of HPC disks for corrosion, recoating, replating, or replacement. The FAA does not concur. The criticality of this inspection warrants that it be separate and distinct from routine maintenance tasks.

One commenter states that the FAA should consider using half-life inspection on life-limited parts in conjunction with studies conducted on HPC disks (based on the NPRM's statement ''corrosion is more apt to occur if the steel HPC disk is not recoated/replated during its life span and retains original production protective coating/plating.'') The FAA does not concur. The referenced statement from the NPRM is for informational purposes only, and the compliance time is based on PW's risk analysis, which takes into account many factors, including disk geometry, stress distribution, critical corrosion pit depth, crack propagation rates, and engine utilization rates.

One commenter states that the FAA should allow metallurgists appointed by operators to explore available data from

PW and examine how the correlation between PW JT8D and JT3D disks were achieved, as the commenter does not accept the manufacturer's conclusions. The FAA does not concur. Operators were given the opportunity to present differing findings during the meeting that was held with PW and a group of operators in August 1995.

One commenter states that there is no need for the AD as industry is currently complying with the ASB. The FAA does not concur. Airworthiness directive action is necessary to ensure compliance.

One commenter states that they were not consulted by the FAA prior to the issuance of the NPRM, that their operational service experience with HPC disks was not taken into account, and, accordingly, the AD should not issue. The FAA does not concur. The FAA, as a rule, does not usually consult with individual operators to gather facts for the development of an airworthiness directive. The FAA does, however, consult with the manufacturer of the product and industry groups and associations. For this AD, the FAA did solicit input from Pratt & Whitney, who, in turn, solicited input from operators for inclusion in the risk analysis.

Two commenters agree with the rule as proposed.

Since publication of the NPRM, the FAA has received additional economic data from the manufacturer and has recalculated the economic analysis to reflect this new information.

After careful review of the available data, including the comments noted above, the FAA has determined that air safety and the public interest require the adoption of the rule with the changes described previously. The FAA has determined that these changes will neither increase the economic burden on any operator nor increase the scope of the AD.

There are approximately 2,000 engines of the affected design in the worldwide fleet. The FAA estimates that 1,000 engines installed on aircraft of U.S. registry will be affected by this AD. Based on domestic fleet-wide data, the FAA estimates that approximately 40%, or 400 engines, will be required to be removed at times other than regularly scheduled maintenance to accomplish the AD's actions. Approximately 16 work hours are necessary to remove and replace the engine, and the average labor rate is $60 per work hour. Approximately 100 work hours are required to teardown and rebuild the engine. The FAA estimates that approximately 15% of disks removed from engines will need to be scrapped at a cost of $9,000 per engine. Based on these figures, the total cost impact of the AD on U.S. operators is estimated to be $33,384,000 over a 15-year period.

The regulations adopted herein will 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 final rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this action (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and (3) 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 final evaluation has been prepared for this action and it is contained in the Rules Docket. A copy of it may be obtained from the Rules Docket at the location provided under the caption **ADDRESSES.**

List of Subjects in 14 CFR Part 39

Air Transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends 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 U.S.C. 106(g), 40113, 44701.

§ 39.13 [Amended]

2. Section 39.13 is amended by adding the following new airworthiness directive:

96–23–10—Pratt & Whitney: Amendment 39–9815. Docket 95– ANE–45.

Applicability: Pratt & Whitney (PW) Models JT3D–1, –1A, –3, –3B, –3C, –1–MC6, –1A-MC6, –1–MC7, –1A-MC7, –7, –7A turbofan engines, installed on but not limited to Boeing 707 and 720 series aircraft and McDonnell Douglas DC–8 series aircraft.

Note 1: 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 request approval for an alternative method of compliance in accordance with paragraph (b) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent steel high pressure compressor (HPC) disk failure due to corrosion, which could result in an uncontained engine failure and damage to the aircraft, accomplish the following:

(a) Inspect steel HPC disks, stages 10–15, for corrosion, recoat or replate, or replace as necessary, in accordance with PW Alert Service Bulletin (ASB) No. A6208, Revision 3, dated January 11, 1996, and the following schedule:

(1) For disks coated with PWA 110–2/-3 Aluminide (non top coat system) and for disks with unknown coating or plating, as follows:

(i) Initially inspect, recoat or replate, or replace as necessary, within 14 years since new or since last recoat or replate, or within 36 months after the effective date of this AD, whichever occurs later.

(ii) Thereafter, inspect, recoat or replate, or replace as necessary, at intervals not to exceed 14 years since new or last coating, if PWA 110–2/-3 Aluminide (non top coat system) is applied, or not to exceed 15 years since new or last plating, if PWA 110–21/-31 Aluminide (top coat system) or Nickel Cadmium (NI–CAD) plating is applied.

(2) For disks coated with PWA 110–21/-31 Aluminide (top coat system) or plated with NI–CAD, as follows:

(i) Initially inspect, recoat or replate, or replace as necessary, within 15 years since new or since last replate, or within 36 months after the effective date of this AD, whichever occurs later.

(ii) Thereafter, inspect, recoat or replate, or replace as necessary, at intervals not to exceed 14 years since new or last coating, if PWA 110–2/-3 Aluminide (non top coat system) is applied, or not to exceed 15 years since new or last plating, if PWA 110–21/-31 Aluminide (top coat system) or Nickel Cadmium (NI–CAD) plating is applied.

(3) For disks with unknown coating or plating, and unknown time since last coating or plating; or for disks with known coating or plating and unknown time since last coating or plating, as follows:

(i) Initially inspect, recoat or replate, or replace as necessary, within 36 months after the effective date of this AD.

(ii) Thereafter, inspect, recoat or replate, or replace as necessary, at intervals not to exceed 14 years since new or last coating, if PWA 110–2/-3 Aluminide (non top coat system) is applied, or not to exceed 15 years since new or last plating, if PWA 110–21/-31 Aluminide (top coat system) or Nickel Cadmium (NI–CAD) plating is applied.

(b) 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 2: Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the Engine Certification Office.

(c) 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.

(d) The actions required by this AD shall be done in accordance with the following PW ASB:

Document No.	Pages	Revision	Date
A6208	1	3	Jan. 11, 1996.
	2	1	May 8, 1995.
	3	3	Jan. 11, 1996.
	4	1	May 8, 1995.
	5–9	3	Jan. 11, 1996
	10–18	1	May 8, 1995.

Total Pages: 18.

This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from Pratt & Whitney, Publications Department, Supervisor Technical Publications Distribution, M/S 132–30, 400 Main St., East Hartford, CT 06108; telephone (860) 565–7700, fax (860) 565–4503. Copies may be inspected at the FAA, New England Region, Office of the Assistant Chief Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street NW., suite 700, Washington, DC.

(e) This amendment becomes effective on January 21, 1997.

Issued in Burlington, Massachusetts, on November 1, 1996.

James C. Jones,

Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.

[FR Doc. 96–28988 Filed 11–19–96; 8:45 am]

BILLING CODE 4910–13–U

14 CFR Part 39

[Docket No. 96–NM–82–AD; Amendment 39–9819; AD 96–23–13]

RIN 2120–AA64

Airworthiness Directives; Canadair Model CL–215–1A10 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to certain Canadair Model CL–215–1A10 series airplanes. This action requires a one-time inspection of the three DC generators to ensure that the extra unconnected bare copper wire is properly stowed. This amendment is prompted by reports indicating that unconnected bare copper wire, which was fitted inside of some DC generators installed on these airplanes, could cause a short circuit. The actions specified in this AD are intended to prevent a fire hazard that would be posed if a short circuit were to occur at this area in the presence of a combustible fuel-air mixture.

DATES: Effective December 5, 1996.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of December 5, 1996.

Comments for inclusion in the Rules Docket must be received on or before January 21, 1997.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM–103, Attention: Rules Docket No. 96–NM–82–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056.

The service information referenced in this AD may be obtained from Bombardier, Inc., Canadair Aerospace Group, P.O. Box 6087, Station Centre-ville, Quebec H3C 3G9, Canada. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington; or at the FAA, New York Aircraft Certification Office, Engine and Propeller Directorate, 10 Fifth Street, Third Floor, Valley Stream, New York; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Wing Chan, Aerospace Engineer, Systems and Equipment Branch, ANE–172, FAA, New York Aircraft Certification Office, Engine and Propeller Directorate, 10 Fifth Street, Third Floor, Valley Stream, New York 11581; telephone (516) 256–7511; fax (516) 568–2716.

SUPPLEMENTARY INFORMATION: Transport Canada Aviation, which is the airworthiness authority for Canada, recently notified the FAA that an unsafe condition may exist on certain Canadair Model CL–215–1A10 series airplanes. Transport Canada Aviation advises that it has received reports that extra unconnected bare copper wire was fitted inside some DC generators [having part number (P/N) 2CM70D( )] that were installed on these airplanes. The bare copper wire could cause a short circuit and, if a combustible fuel-air mixture is present at this location, it could present a fire hazard.

Explanation of Relevant Service Information

Canadair has issued Service Bulletin 215–414, dated January 4, 1989, which describes procedures for performing a one-time visual inspection of the three DC generators (ENG 1, ENG 2, and GPU2) to ensure that the extra unconnected bare copper wire (if fitted from inside of the generator) is properly and safely stowed. The service bulletin also contains procedures for properly insulating and stowing the wire. Transport Canada Aviation classified this service bulletin as mandatory and issued Canadian airworthiness directive CF–89–05, dated July 15, 1989, in order to assure the continued airworthiness of these airplanes in Canada.

FAA's Conclusions

This airplane model is manufactured in Canada and is type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.19) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, Transport Canada Aviation has kept the FAA informed of the situation described above. The FAA has examined the findings of Transport Canada Aviation, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States.