(d) For purposes of paragraphs (a) and (c) of this section, the parties to a contract shall be deemed to have expressly agreed to an alternate date for payment of funds and delivery of securities at the time of the transaction for a contract for the sale for cash of securities pursuant to a firm commitment offering if the managing underwriter and the issuer have agreed to the date for all securities sold pursuant to the offering and the parties to the contract have not expressly agreed to another date for payment of funds and delivery of securities at the time of the transaction.

§ 344.8 Securities trading policies and procedures.

(a) *Policies and procedures.* Every bank effecting securities transactions for customers shall establish written policies and procedures providing:

(1) Assignment of responsibility for supervision of all officers or employees who:

(i) Transmit orders to or place orders with broker/dealers; or

(ii) Execute transactions in securities for customers;

(2) Assignment of responsibility for supervision and reporting, separate from those in paragraph (a)(1) of this section, with respect to all officers or employees who process orders for notification or settlement purposes, or perform other back office functions with respect to securities transactions effected for customers;

(3) For the fair and equitable allocation of securities and prices to accounts when orders for the same security are received at approximately the same time and are placed for execution either individually or in combination; and

(4) Where applicable, and where permissible under local law, for the crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction.

§ 344.9 Personal securities trading reporting by bank officers and employees.

(a) *Officers and employees subject to reporting.* Bank officers and employees who:

(1) Make investment recommendations or decisions for the accounts of customers;

(2) Participate in the determination of such recommendations or decisions; or

(3) In connection with their duties, obtain information concerning which securities are being purchased or sold or recommend such action, must report to the bank, within ten business days after the end of the calendar quarter, all transactions in securities made by them or on their behalf, either at the bank or elsewhere in which they have a beneficial interest. The report shall identify the securities purchased or sold and indicate the dates of the transactions and whether the transactions were purchases or sales.

(b) *Exempt transactions.* Excluded from this reporting requirement are:

(1) Transactions for the benefit of the officer or employee over which the officer or employee has no direct or indirect influence or control;

(2) Transactions in registered investment company shares;

(3) Transactions in government securities; and

(4) All transactions involving in the aggregate $10,000 or less during the calendar quarter.

(c) *Alternative report.* Where a bank acts as an investment adviser to an investment company registered under the Investment Company Act of 1940, the bank's officers and employees may fulfill their reporting requirement under paragraph (a) of this section by filing with the bank the ''access persons'' personal securities trading report required by (SEC) Rule 17j–1, 17 CFR 270.17j–1.

§ 344.10 Waivers.

The Board of Directors of the FDIC, in its discretion, may waive for good cause all or any part of this part 344.

By Order of the Board of Directors.

Dated at Washington, D.C., this 25th day of February, 1997.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Deputy Executive Secretary.

[FR Doc. 97–5425 Filed 3–4–97; 8:45 am]

BILLING CODE 6714–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 21

[Docket No. AIR–100–9601]

Replacement and Modification Parts: ''Standard'' Parts; Interpretation

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of interpretation.

SUMMARY: The FAA is notifying the public that the interpretation of an acceptable U.S. government or Industry accepted specification may include specifications that may be limited to detailed performance criteria, complete testing procedures, and uniform marking criteria. Manufacturers of parts that conform to such specifications are excepted as ''standard parts'' from the requirement to obtain FAA Parts Manufacturer Approval. The FAA is aware that specifications meeting the above criteria exist for discrete electric or electrical component parts.

EFFECTIVE DATE: January 31, 1997.

FOR FURTHER INFORMATION CONTACT: Bruce Kaplan, Aerospace Engineer, Aircraft Engineering Division, AIR–100, FAA, 800 Independence Avenue, SW., Washington, DC 20591, (202) 267–9588.

SUPPLEMENTARY INFORMATION: Section 21.303(a) of Title 14 of the Code of Federal Regulations (CFR), Replacement and Modification Parts, prohibits a person from producing a part for sale for installation on a type certificated product unless that person produces the part pursuant to an FAA Parts Manufacturer Approval (PMA). Section 21.303(b) provides four exceptions to the requirement in § 21.303(a). One of these exceptions is for ''Standard parts (such as bolts and nuts) conforming to established industry or U.S. specifications.'' (14 CFR § 21.303(b)(4).)

''Standard part'' is not otherwise defined in Title 14. Section 21.303(b)(4) has come to be understood by the aviation and manufacturing public as meaning a part, the specification for which has been published by a standard setting organization or by the U.S. government, and the FAA has traditionally regulated parts production with that understanding. Examples of such ''traditional'' standard part specifications include National Aerospace Standards (NAS), Air Force-Navy Aeronautical Standard (AN), Society of Automotive Engineers (SAE), SAE Aerospace Standard (AS), and Military Standard (MS). The FAA will continue to consider parts conforming to these specifications as standard parts.

Prior to this notice, for a specification to be acceptable, it had to include information on the design, materials, manufacture, and uniform identification requirements. The specification had to include all the information necessary to produce the part and ensure its conformity to the specification. Furthermore, the specification must be publicly available, so that any party is capable of manufacturing the part. The above examples of accepted specifications fulfill those criteria.

In the past the FAA has applied § 21.303(b)(4) to parts that have specifications where a determination of physical conformity to a design could be made. This application largely excluded classes of parts where the parts are conformed not on the basis of their physical configuration but by meeting

the specified performance criteria. These types of parts are best exemplified by discrete electrical and electronic parts.

Much of the componentry used in electronic devices are manufactured under standard industry practices, often to published specifications developed by standards organizations such as the Society of Automotive Engineers (SAE), the American Electronics Association, Semitec, Joint Electron Device Engineering Council, Joint Electron Tube Engineering Council, and the American National Standards Institute (ANSI). Such standards development by these bodies is overseen by the Institute of Electrical and Electronics Engineers (IEEE), the IEEE Standards Committee, as well as the electrical and electronics industry, at large, who depends upon characteristic design standards for consistency in operation and performance.

The FAA has determined that certain kinds of electrical and electronic parts fit within the limits of the § 21.303(b)(4) exception; these include resistors, capacitors, diodes, transistors, and non-programmable integrated circuits (e.g. amplifiers, bridges, switches, gates, etc.). Conversely, large scale, application-specific, or programmable integrated circuits; hybrids, gate arrays, memories, CPU's, or other programmable logic devices would not be considered standard parts, such components are not 'discretes' since they require programming that controls their timing, functionality, performance, and overall operating parameters.

It is important to remember that 14 CFR Part 21 § 21.303 deals with the production of parts for sale for installations on type certificated products. Installation of replacement or modification parts including owner/operator-produced and standard parts, must be accomplished in compliance with part 43 of Title 14 of the CFR (Part 43). Generally, a standard part may be replaced with an identical standard part, in accordance with the manufacturers maintenance instructions, without a further demonstration of compliance with the airworthiness regulations. Substitution of a standard part with another would require a demonstration of acceptability in accordance with part 43.

Discussion of Comments

The FAA published (61 FR 47671, September 10, 1996) a proposed expanded interpretation for ''standard part'' and requested comments from the public on the ability of producers to conform discrete electrical and electronic parts, and other kinds of parts, to specified performance criteria. The FAA also requested comment on the ability of producers to distinctly identify such parts.

A total of 19 comments were received in response to the notice. These commenters represent air carriers, aircraft manufacturers; associations representing aircraft manufacturers, aircraft maintenance personnel, and fixed base operators/air charter/air taxi operators/scheduled operators; component manufacturers; and the Joint Aviation Authorities. All but one commenter voiced general support for the proposal. Five commenters concur with no additional comment. Six commenters concur and express the desire to include specifications for other types of parts (beyond discrete electrical and electronic parts) under this expanded intrepretation.

The substantive issues raised by the commenters are discussed in the following discussion of comments.

Comment: Two commenters expressed concern about standard parts in general. They commented that some manufacturers claim to build their parts to these standards but do not have any proof that the parts meet the requirements and that just because a part is marked with the standard part type number or marking does not demonstrate that the part in fact conforms to the established industry or U.S. Government specifications. One commenter suggested the FAA survey suppliers to determine if they are reliable candidates to meet the requirements of various standards.

FAA Response: A standard part is one that conforms to the established specification. Beyond just physical configuration and performance testing almost all specifications have quality control and testing requirements. The FAA in conducting an investigation of standard part manufacturers would be looking for complete compliance with the specification, and would look for the existence and proper execution of records necessary to prove conformity. Non-conformities would be cause for enforcement action by the FAA and could be cause for a criminal investigation by the appropriate law enforcement agencies.

The marking of a part is the manufacturer's certification that the part conforms to the specification. The ability of the manufacturer to make that certification at the time of manufacture is based on the specification requirements which include production system requirements, test and acceptance procedures, and any additional internal quality control requirements. The marking of parts also serves as a means by which an installer may identify a part and establish its eligibility for installation on an aircraft. The end users confidence in that manufacturer's certification is based on their experience with that manufacturer and is supplemented by their receiving inspection, and the final determination of airworthiness as required by FAR 43.13.

Standard part manufactures are subject to continuing in-depth audits by their customers whether they be commercial airplane manufacturers, the automotive industry, or the U.S. Government. The FAA feels that these continuing process checks provide an appropriate degree of confidence.

Comment: Three commenters expressed concern that a part meeting a standard specification may be used by a design approval holder in an application that is safety-critical or outside the specified operating tolerances requiring greater scrutiny of that part. For this reason one commenter stipulated that parts must be designated as standard by the design approval holder.

FAA Response: The qualification and quality control requirements for any part installed on a product is established by the design approval holder for that product. If a design approval holder utilizes a standard part design in a safety critical application (and/or an application requiring the part to perform outside its specified operating tolerances) but imposes qualification or quality control requirements beyond those of the standard specification for the part, then that altered part would no longer be a ''standard part''.

Certain design approval holders are required to provide instructions for continued airworthiness including data necessary for maintenance. It is these maintenance instructions that are to be followed by maintenance personnel. It would be incorrect for a design approval holder to identify a part as a ''standard part'' in their maintenance instructions when their qualification or quality control procedures exceed those of the standard part specification.

Comment: Several Commenters voiced the need for including I.S.O. and European government and industry standards.

FAA Response: The FAA can recognize any industry established specification regardless of country of origin. However, under present language of Part 21 21.303(b)(4) acceptable government specifications are limited to those published by the U.S. Government. The Aviation Rulemaking Advisory Committee (ARAC), Aircraft

Certification Procedures Issues Group (Part 21), Parts & Production Working Group is currently developing a draft notice of proposed rulemaking (NPRM), for submittal to the FAA, addressing the approval of replacement and modification parts. This issue is under consideration; changes could be incorporated into the forthcoming NPRM.

Comment: Several commenters expressed the desire to allow various other categories of parts such as lamps electrical connectors, and bearings.

FAA Response: The FAA's Notice solicited information as to the merits of including categories of parts other than discrete electrical or electronic components under the interpretation. The commenters did not state how the conformity of the parts could be established solely on the basis of meeting a performance specification. Thus, the FAA still regards the standard parts exclusion as applicable to a narrow segment of the entire population of part designs.

Comment: One commenter expressed the desire to allow programmable devices to be considered standard parts when there are approved pin-for-pin alternatives. Such components only become notionally non-standard after programming for a specific application.

FAA Response: Programmable devices were specifically excluded in the proposed expanded interpretation because their performance characteristics may vary with the instruction programmed within or provided to such devices, or due to different applied voltages and signals affecting logical switching conditions. Even though such devices may be pin-to-pin compatible, the performance characteristics cannot be assured, thus making such devices ineligible for consideration of the ''performance'' based interpretation of the definition.

The interpretation for standard parts is effective on January 31, 1997. The FAA is compiling a list of standard setting bodies and U.S. government entities that establish specifications for standard parts. That list will be published on the Aircraft Certification Home Page on the World Wide Web by June 30, 1997.

Issued in Washington, DC on January 31, 1997.

Elizabeth Yoest,

Deputy Director, Aircraft Certification Service.

[FR Doc. 97–5437 Filed 3–4–97; 8:45 am]

BILLING CODE 4910–13–M

14 CFR Part 39

[Docket No. 96–NM–146–AD; Amendment 39–9953; AD 97–05–09]

RIN 2120–AA64

Airworthiness Directives; Boeing Model 737 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new airworthiness directive (AD), applicable to certain Boeing Model 737 series airplanes, that requires replacement of the flow restrictors of the aileron and elevator power control units (PCU's) with new flow restrictors. This amendment is prompted by a review of the design of the flight control systems on Model 737 series airplanes. The actions specified by this AD are intended to prevent reduced roll and/or pitch rate control of the airplane and consequent increased pilot workload as a result of fragments from a deteriorated flow restrictor filter screen becoming lodged in the PCU.

DATES: Effective April 9, 1997.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of April 9, 1997.

ADDRESSES: The service information referenced in this AD may be obtained from Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124–2207. This information may be examined at the Federal Aviation Administration (FAA), Transport Airplane Directorate, Rules Docket, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Don Kurle, Senior Engineer, Systems and Equipment Branch, ANM–130S, FAA, Transport Airplane Directorate, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; telephone (206) 227–2798; fax (206) 227–1181.

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 certain Boeing Model 737 series airplanes was published in the Federal Register on August 28, 1996 (61 FR 44232). That action proposed to require replacement of the flow restrictors of the aileron and elevator power control units (PCU's) with new flow restrictors.

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

Support for the Proposal

One commenter supports the proposed rule.

Request To Revise Statement of Findings of Critical Design Review Team

One commenter requests the second paragraph of the Discussion section that appeared in the preamble to the proposed rule be revised to accurately reflect the findings of the Critical Design Review (CDR) team. The commenter asks that the FAA delete the one sentence in that paragraph, which read: ''The recommendations of the team include various changes to the design of the flight control systems of these airplanes, as well as correction of certain design deficiencies.'' The commenter suggests that the following sentences should be added: ''The team did not find any design issues that could lead to a definite cause of the accidents that gave rise to this effort. The recommendations of the team include various changes to the design of the flight control systems of these airplanes, as well as incorporation of certain design improvements in order to enhance its already acceptable level of safety.''

The FAA does not find that a revision to this final rule in the manner suggested by the commenter is necessary, since the Discussion section of a proposed rule does not reappear in a final rule. The FAA acknowledges that the CDR team did not find any design issue that could lead to a definite cause of the accidents that gave rise to this effort. However, as a result of having conducted the CDR of the flight control systems on Boeing Model 737 series airplanes, the team indicated that there are a number of recommendations that should be addressed by the FAA for each of the various models of the Model 737. In reviewing these recommendations, the FAA has concluded that they address unsafe conditions that must be corrected through the issuance of AD's. Therefore, the FAA does not concur that these design changes merely ''enhance [the Model 737's] already acceptable level of safety.''

Request To Extend Compliance Time for Replacing Flow Restrictors

Several commenters request that the proposed compliance time for