

rules and regulations

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Title 12—Banks and Banking

CHAPTER II—FEDERAL RESERVE SYSTEM

[Docket No. R-0021]

PART 226—TRUTH IN LENDING

Description of Finance Charges

On March 9, 1976, the Board published for comment in the FEDERAL REGISTER proposed amendments to §§ 226.8(c) (8) (1) and 226.8(d) (3) of Regulation Z (41 FR 10077). The amendments reflect the position stated in the Board's previously issued Interpretation § 226.820, stating that a finance charge must be itemized only where the total finance charge is composed of more than one type of charge. The Board now adopts those amendments as proposed.

The interpretation was issued on November 21, 1975, and affirmed the Board's position that finance charges consisting solely of one type of charge need not be further described as to the nature of that charge. The publication of this position as an interpretation rather than a formal rulemaking procedure was challenged in the recent case of *Haffen v. Board of Governors* (D.C. Conn. Civ. No. 77-14, filed January 7, 1976), in which plaintiffs argued that the issue should have been the subject of a substantive rulemaking procedure. While continuing to uphold the validity of the interpretation and the procedures used in adopting it, the Board on March 9, 1976, published its position as proposed amendments to the Regulation, in order to provide for a fuller opportunity for public comment.

The Notice of proposed rulemaking solicited comment on three alternative courses of action: (1) To clarify the Board's position that the requirement for itemization is confined to finance charges consisting of more than one type of charge; (2) to amend the Regulation to require itemization of finance charges regardless of the number of components in the finance charge; and (3) to eliminate entirely the requirement for itemization of the finance charge in all cases.

The Board received a total of 59 comments in response to the notice. Thirty-one of those responding, including seven out of eight Federal Reserve banks, a government agency, eleven banks, and four nonbank financial institutions, supported the proposed amendments to require itemization only in cases where the finance charge consists of more than one component. The remainder of the comments were almost evenly divided between the other alternatives, with 15 favoring itemization in all cases and 13 urging elimination of all itemization requirements. All consumer organizations

and consumer representatives responding were in the former category, while the latter group consisted primarily of banks and a variety of nonbank creditor representatives.

Most of the 15 commenters supporting itemization of the finance charge in all cases took the position that this alternative provides the consumer with important additional information on the transaction and that such disclosure serves an important enforcement purpose by discouraging the creditor from concealing a variety of charges within a so-called single-component finance charge.

In the Board's view, Truth in Lending was intended to provide consumers with meaningful information which assists them in understanding credit terms and in comparing various sources of credit. Labels such as "finance charge (time price differential)" or "finance charge (interest)" would not seem to be of greater assistance to consumers than "finance charge" in fulfilling these purposes of the Act. In addition, the Board is concerned that a term which is of questionable benefit, when added to already lengthy and complex disclosure statements, could further detract from the important disclosures of annual percentage rate and total finance charge. On balance, the arguable benefits of this additional disclosure do not, in the Board's view, outweigh the need for simplified and concise Truth in Lending disclosures.

With regard to the possible enforcement benefits to be derived from itemization of a finance charge consisting of only one type of charge, the Board notes that the government agency and seven of the eight Federal Reserve banks commenting on the proposal did not support this alternative to require itemization in all cases. Since these agencies bear a primary enforcement responsibility for Truth in Lending, their comments provide evidence that required itemization of single-component finance charges would not significantly enhance their enforcement efforts.

Of the 13 commenters supporting the alternative of eliminating all requirements for itemization of finance charges, many took the position that further description of the components of a finance charge is unnecessary and potentially confusing. In the Board's view, however, the requirement for itemization of multiple-component finance charges was originally intended to serve primarily as an enforcement tool rather than an informational device. In view of the fact that no enforcement agency supported the alternative to eliminate this requirement, the Board believes that itemization of finance charges consisting of more than

one type of charge may continue to serve a useful enforcement purpose.

Thirty-one commenters supported the proposed amendments to require itemization of multiple-component finance charges as an appropriate method of fulfilling the goals of the Act. In general, these commenters viewed the alternative of requiring itemization of single-component finance charges as unnecessary, but stated that the information derived from itemizing multiple-component finance charges might be useful to consumers.

After consideration of these comments, the Board has determined that, at the present time, the proposed amendments to require itemization where the finance charge consists of more than one type of charge would best serve the purposes of the Truth in Lending Act. In making this determination, the Board was particularly mindful of two factors. First, itemization is not required by the Truth in Lending Act itself but was added to Regulation Z primarily to help assure that all charges are properly taken into account in computing the total finance charge. The government agency and seven of the eight Federal Reserve banks responding, all of which have enforcement responsibility for the Act, supported the proposed amendments as opposed to either of the two alternatives. The Board views this as evidence that itemization of multiple-component finance charges may assist in enforcement of the Act. However, the Board does not view itemization of a single-component finance charge as necessary to fulfill this purpose. Second, the Board shares the concerns expressed in Congress and elsewhere that lengthy and complex Truth in Lending disclosures do not serve consumers' needs for clear and meaningful information and may be counterproductive to the goals of Truth in Lending.

Effective date: These amendments become effective August 6, 1976. Accordingly, Interpretation § 226.820, previously issued by the Board, is rescinded effective August 6, 1976, inasmuch as the amendments to the Regulation make this interpretation unnecessary.

Therefore, pursuant to the authority granted in 15 U.S.C. 1604 (1968), the Board hereby amends § 226.8 (c) (8) and (d) (3) of 12 CFR Part 226, effective August 6, 1976, as follows:

§ 226.8 Credit other than open end; specific disclosures.

(c)
(8)

(1) The total amount of the finance charge, using the term "finance charge," and where the total charge consists of

two or more types of charges, a description of the amount of each type, and

(1)

(2)

(3) the total amount of the finance charge," using the term "finance charge," and where the total charge consists of two or more types of charges, a description of the amount of each type.

By order of the Board of Governors, July 6, 1976.

[SEAL] THEODORE E. ALLISON,
Secretary of the Board.

[FR Doc.76-20317 Filed 7-13-76; 8:45 am]

SUBCHAPTER A—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PART 265—RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors of the Federal Reserve System has decided to amend its Rules Regarding Delegation of Authority, pursuant to the provision of section 11(k) of the Federal Reserve Act (12 U.S.C. 248(k)), to delegate to the Secretary of the Board the authority to approve future Annual Reports to the Office of Management and Budget on implementation of the Privacy Act (5 U.S.C. 552a).

The provisions of 5 U.S.C. 553, relating to notice and public participation and deferred effective date, are not being followed in connection with the adoption of this amendment because the rule involved relates solely to matters of agency procedure and practice, and does not constitute a substantive rule subject to the requirements of that section.

12 CFR Part 265 is amended by adding a new paragraph (17) to § 265.2(a) as follows:

§ 265.2 Specific functions delegated to Board employees and to Federal Reserve banks.

(a) The Secretary of the Board (or, in his absence, the Acting Secretary) is authorized:

(17) Pursuant to the requirement of the Privacy Act (5 U.S.C. 552a(p)), to approve future Annual Reports on the Privacy Act from the Board of Governors to the Office of Management and Budget for inclusion in the President's annual consolidated report to the Congress.

Effective date: These amendments are effective July 1, 1976.

Board of Governors of the Federal Reserve System.

J. P. GARBARINI,
Assistant Secretary of the Board.

[FR Doc.76-20315 Filed 7-13-76; 8:45 am]

¹¹ The disclosure required by this subparagraph need not be made with respect to interim student loans made pursuant to federally insured student loan programs under Pub. L. 89-329, Title IV Part B of the Higher Education Act of 1965, as amended.

**Title 14—Aeronautics and Space
CHAPTER II—CIVIL AERONAUTICS
BOARD**

SUBCHAPTER A—ECONOMIC REGULATIONS

[Reg. FR-152, Amdt. 81]

PART 221—CONSTRUCTION, PUBLICATION, FILING AND POSTING OF TARIFFS OF AIR CARRIERS AND FOREIGN AIR CARRIERS

Editorial Amendment

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., July 8, 1976.

Part 221 of the Board's Economic Regulations (14 CFR Part 221) sets forth the regulations pertaining to tariffs of air carriers and foreign air carriers. Section 221.38(a) (5) requires, in part, that each tariff shall contain the rules and regulations relating to the transportation of explosives and other dangerous materials, and that such regulations shall be in conformity with Part 103 of the Federal Aviation Regulations (14 CFR Part 103).

By final rule published April 15, 1976 (41 FR 15972), the Materials Transportation Bureau of the Department of Transportation (DOT) issued amendments designed to consolidate its air, water, and surface transportation of hazardous materials regulations. As a result of that recodification, Part 103 of the Federal Aviation Regulations has been incorporated into 49 CFR Parts 171-173 and 175. Therefore it has become necessary to amend § 221.38(a) (5) of the Board's Economic Regulations so as to reflect that recodification of the Federal Aviation Regulations to which it refers.

This editorial amendment is issued by the undersigned pursuant to delegation of authority from the Board to the General Counsel in 14 CFR § 385.19, and shall become effective on August 3, 1976. Procedures for review of the amendment are set forth in Subpart C of Part 385 (14 CFR §§ 385.50 through 385.54).

Accordingly, the Board hereby amends § 221.38(a) (5) to read as follows:

§ 221.38 Rules and regulations.

(a)

(5) The rules and regulations relating to the transportation of explosives and other dangerous or restricted articles, showing the articles which are not acceptable for transportation as well as those articles which are acceptable for transportation only when specified packing, marking, and labeling requirements have been met. Such rules and regulations shall further provide the specified packing, marking, and labeling requirements. All such provisions shall be in conformity with the applicable provisions of the Hazardous Materials Regulations set forth in 49 CFR Parts 171-173 and 175 (as amended or revised from time to time). The rules and regulations required by this subparagraph are required to be set forth only in those tariffs which contain rates or charges for the transportation of explosives and other dangerous or

restricted articles or in a tariff issued in accordance with § 221.104.

(Secs. 204(a) and 403(a) of the Federal Aviation Act of 1958, as amended; 72 Stat. 743 and 758, as amended; 49 U.S.C. 1324 and 1373.)

By the Civil Aeronautics Board.

JAMES C. SCHULTZ,
General Counsel.

[FR Doc.76-20302 Filed 7-13-76; 8:45 am]

SUBCHAPTER B—PROCEDURAL REGULATIONS

[Reg. FR-152, Amdt. 81]

PART 310—INSPECTION AND COPYING OF BOARD OPINIONS, ORDERS, AND RECORDS

Public Release of Board Decisions in Cases Where the Action of the Board is Subject to the Review or Approval of the President

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., July 9, 1976.

For the reasons stated in Regulation PS-69, issued contemporaneously herewith, the Civil Aeronautics Board hereby amends Part 310 of its Procedural Regulations (14 CFR Part 310), effective July 11, 1976, as follows:

Appendix B, heading (5), the third item described is changed to read as follows:

Copies of Board decisions awaiting Presidential action except as provided in section 399.101 of the Board's Policy Statements.

(Secs. 204, 801, and 1001, 72 Stat. 743, 782, and 788, 49 U.S.C. 1324, 1461, and 1481, and 5 U.S.C. 552.)

By the Civil Aeronautics Board.

PHYLLIS T. KAYLOR,
Acting Secretary.

[FR Doc.76-20301 Filed 7-13-76; 8:45 am]

SUBCHAPTER F—POLICY STATEMENTS

[Reg. PS-69, Amdt. 48]

PART 399—STATEMENTS OF GENERAL POLICY

Public Release of Board Decisions in Cases Where the Action of the Board is Subject to the Review or Approval of the President

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., July 9, 1976.

On June 11, 1976, the President issued an Executive Order designed to establish Executive Branch procedures for the processing of Board decisions submitted to the President for approval or review in accordance with the provisions of section 801 of the Federal Aviation Act. Under the Executive Order the Board is authorized, with certain exceptions, to make public its decision on or after the sixth day following submission to the President. The attached policy statement sets forth the Board's policy with respect to the public release of such decisions.

Since the amendment relates to matters of agency procedure, notice and pub-