

of a credit card to another person for such purposes.

(b) *Issuance of credit cards.* Regardless of whether a credit card is to be used for personal, family, household, agricultural, business, or commercial purposes, no credit card shall be issued to any person except:

(1) In response to a request or application therefor, or

(2) As a renewal of, or in substitution for, an accepted credit card whether such card is issued by the same or a successor card issuer.

(c) *Conditions of liability of cardholder.* A cardholder shall be liable for unauthorized use of each credit card issued only if, . . .

§ 226.702 [Revoked]

§ 226.704 [Revoked]

3. These amendments are promulgated pursuant to section 105 of the Truth in Lending Act (15 U.S.C. 1604). Notice of proposed rule making was published on July 6, 1972 (37 F.R. 13270) and August 12, 1972 (37 F.R. 16407). After consideration of all relevant matter submitted by interested parties, technical changes were made to §§ 226.5(a)(3)(ii), 226.5(a)(3)(iii), 226.7(c)(1), 226.13(a)(4), 226.13(b) and 226.13(c). Footnote 6a was added to § 226.7(a)(4).

4. The amendment to § 226.5(a)(3) relocates the formula for computing annual percentage rates in the case of finance charges imposed with respect to specific transactions during the billing cycle—for example, one-time fees on cash advances—to the section dealing with annual percentage rate computation. The formula was previously contained in § 226.7(b)(6) and Board interpretation § 226.704. The interpretation is hereby revoked as of the effective date of the amendment. This amendment also clarifies the fact that the regulation does not require computation of the annual percentage rate by the quotient method when the total finance charge, including charges with respect to specific transactions, does not exceed \$0.50.

5. The amendment adds a requirement to § 226.7(b)(5) that the corresponding annual percentage rate for each periodic rate applicable to the account be shown on each periodic statement, whether or not a finance charge is imposed during the billing cycle. Many creditors have previously made this disclosure, which was permissible, although not required, under Regulation Z. A variety of specified wording may be used to describe these rates. The permitted use of optional wording is to allow creditors maximum freedom to choose wording to distinguish between rates which were actually applied during the billing cycle (required to be disclosed under § 226.7(b)(6)) and the prospective nominal rates required to be disclosed by this subparagraph, where those rates differ. The optional wording will also minimize the need for reprinting periodic statements where nominal rate disclosures have previously been made by the

creditor. Whatever wording is chosen may, though need not be, used to satisfy the terminology requirements for the initial disclosures under § 226.7(a)(4) and advertising under § 226.10(c)(4). Although the "more conspicuous" requirement of § 226.6(a) for the term "annual percentage rate" will not be applicable to disclosures under § 226.7(b)(5), it will continue to apply to the term annual percentage rate in opening disclosures under § 226.7(a) and in advertising under § 226.10(c), even if the creditor chooses to make disclosures under § 226.7(a)(4) and § 226.10(c)(4) using optional wording which simply incorporates this term—e.g., "corresponding ANNUAL PERCENTAGE RATE."

Many open end creditors will not be affected by the amendment. In many open end credit plans, the annual percentage rate under § 226.7(b)(6) and the prospective nominal rate under § 226.7(b)(5) will always be identical. This situation will occur when a creditor imposes finance charges simply by the application of one or more periodic rates and does not use the "quotient" method of calculating an annual percentage rate under § 226.5(a)(1)(ii). In such cases, the requirements of both § 226.7(b)(5) and § 226.7(b)(6) could be satisfied by a single disclosure of such rates on the face of all billing statements using the term, which could be preprinted, "ANNUAL PERCENTAGE RATE" or "RATES."

The new provision also will require disclosure of minimum charges which may be imposed on accounts with balances below a certain amount. This new disclosure requirement does not compel creditors to disclose the range of balances to which the minimum charge may be applicable; creditors may continue to disclose ranges of balances to which periodic rates apply under § 226.7(a)(4) and § 226.7(b)(5) without specifically designating the portion of any such range to which the minimum charge, instead of the periodic rate, is applicable. For example, disclosure could be made that "a periodic rate of 1½ percent per month which is an annual percentage rate of 18 percent will be applied to balances from \$0 to \$500, with a minimum charge of \$0.50."

6. The amendment to § 226.7(b)(6) consists of the addition of the opening phrase "when a finance charge is imposed during the billing cycle." In addition, the words "and, where there is more than one rate, the amount of the balance to which each rate is applicable" have been deleted since the applicable requirement is already contained in § 226.7(b)(5) which requires disclosure of the range of balances to which each rate is applicable. The amendment is primarily designed to clarify the fact that the annual percentage rate disclosures under this paragraph (as determined by § 226.5(a)) are only required when finance charges are imposed during the billing cycle. Material relating to computation of the annual percentage rate where transaction charges are imposed during the billing cycle has been removed from

the provision and incorporated into the new § 226.5(a)(3)(ii).

7. The amendment of § 226.7(c), which deals with the location of required disclosures on periodic statements, will simplify placement of the disclosures in a way which is expected to be more meaningful and useful to the customer and minimize confusion. The amendment incorporates Board interpretation § 226.702, which is hereby revoked as of the effective date of the amendment.

8. The purpose of the amendments to §§ 226.13(a), 226.13(b), and 226.13(c) is to make clear that each credit card, regardless of whether issued or used for personal, family, household, agricultural, business or commercial purposes, and regardless of whether issued to a natural person, corporation, or other business entity, is covered by the act's maximum liability limit on unauthorized use and, by the same token, may not be distributed without an initial request. The amendment to § 226.13(c) is to make it clear that the maximum liability limit applies to each credit card issued to a cardholder; for example, a corporation with many cards from the same issuer would have a maximum liability limit for each card. A technical change has been made in the language of §§ 226.13(a)(4) and 226.13(b) published for comment. In view of the § 226.2(r) definition of "person," which includes both natural persons and organizations, §§ 226.13(a)(4) and 226.13(b) were changed to refer to "person" instead of "natural person or organization." No substantive change was intended. The amendments to § 226.13 would not affect the application of the business exemption in § 226.3 to the disclosure, rescission, and advertising requirements of Regulation Z for which it was intended.

9. Although the amendments to §§ 226.5(a), 226.7(a), 226.7(b), and 226.7(c) shall not become effective until June 1, 1973, any creditor may comply with the amended provisions prior to the effective date.

By order of the Board of Governors,  
November 2, 1972.

[SEAL] MICHAEL A. GREENSPAN,  
Assistant Secretary of the Board.

[FR Doc.72-19869 Filed 11-15-72;8:46 am]

[Reg. Z]

## PART 226—TRUTH IN LENDING

### Open End Credit—Variable Periodic Rates

#### § 226.707 Disclosures—Variable Periodic Rates.

(a) Under the terms of some open end credit plans the periodic rates of finance charges and corresponding annual percentage rates are tied to a fluctuating base rate, for example, the "prime rate." Consequently, both the periodic rates and annual percentage rates may change from time to time with changes in the base rate. The question arises as to the proper disclosure, if any, which should

be made under § 226.7(a) (4), § 226.7(b) (5), § 226.7(b) (6), § 226.7(e), and § 226.10(c) (4) in connection with such plans.

(b) Where any creditor's open end credit plan provides that the account is subject to variations in any periodic rate of finance charge, the creditor need not comply with § 226.7(e) with respect to any prospective change in any periodic rate or corresponding annual percentage rate applicable to the account: *Provided*, That in connection with the disclosures made pursuant to paragraph 226.7(a) (4) the creditor has disclosed that such rates are subject to change, the conditions under which such rates may be changed, and, if applicable, the maximum and minimum limits of such rates. The requirements of § 226.7(b) (5) and § 226.10(c) (4) may be complied with by similarly disclosing the method of computing the periodic or annual percentage rates which are subject to variation. In disclosing an annual percentage rate or rates under § 226.7(b) (6) where there have been variations during the billing cycle, the computations as specified in § 226.5(a) (1) (ii), § 226.5(a) (2), § 226.5(a) (3) (i), or § 226.5(a) (3) (ii), as applicable, should be used.

(Interprets and applies 15 U.S.C. 1637)

By order of the Board of Governors,  
November 2, 1972.

[SEAL] MICHAEL A. GREENSPAN,  
Assistant Secretary to the Board.

[FR Doc.72-19668 Filed 11-15-72; 8:46 am]

## Title 14—AERONAUTICS AND SPACE

### Chapter I—Federal Aviation Administration, Department of Transportation

[Airspace Docket No. 72-SO-114]

#### PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

##### Alteration of Transition Area

The purpose of this amendment to part 71 of the Federal Aviation Regulations is to alter the Bay St. Louis, Miss., transition area.

The Bay St. Louis transition area is described in § 71.181 (37 F.R. 2143). In the description, reference is made to "Gulf Central-Stennis Field" and the transition area is effective from sunrise to sunset to accommodate daylight IFR operations only because of nonexistent runway lights. The name of the airport has been changed to "Stennis International Airport" and appropriate lighting equipment is now operational. It is necessary to alter the description to reflect the name change and delete the part-time proviso to redesignate the transition area on a continuous basis. Since these amendments are editorial and minor in

nature, notice and public procedure hereon are unnecessary.

In consideration of the foregoing, part 71 of the Federal Aviation Regulations is amended, effective immediately, as hereinafter set forth.

In § 71.181 (37 F.R. 2143), the Bay St. Louis, Miss., transition area is amended as follows:

"\* \* \* Gulf Central-Stennis Field \* \* \*" is deleted and "\* \* \* Stennis International Airport \* \* \*" is substituted therefor, and "\* \* \* This transition area is effective from sunrise to sunset daily." is deleted from the description.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348(a); sec. 6(c), Department of Transportation Act, 49 U.S.C. 1655(c))

Issued in East Point, Ga., on November 7, 1972.

PHILLIP M. SWATEK,  
Director, Southern Region.

[FR Doc.72-19655 Filed 11-15-72; 8:45 am]

[Docket No. 12342; Amdt. 838]

#### PART 97—STANDARD INSTRUMENT APPROACH PROCEDURES

##### Recent Changes and Additions

This amendment to part 97 of the Federal Aviation Regulations incorporates by reference therein changes and additions to the standard instrument approach procedures (SIAP's) that were recently adopted by the Administrator to promote safety at the airports concerned.

The complete SIAP's for the changes and additions covered by this amendment are described in FAA Forms 3139, 8260-3, 8260-4, or 8260-5 and made a part of the public rule making dockets of the FAA in accordance with the procedures set forth in amendment No. 97-696 (35 F.R. 5609).

SIAP's are available for examination at the rules docket and at the National Flight Data Center, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591. Copies of SIAP's adopted in a particular region are also available for examination at the headquarters of that region. Individual copies of SIAP's may be purchased from the FAA Public Document Inspection Facility, HQ-405, 800 Independence Avenue SW., Washington, DC 20591 or from the applicable FAA regional office in accordance with the fee schedule prescribed in 49 CFR 7.85. This fee is payable in advance and may be paid by check, draft, or postal money order payable to the Treasurer of the United States. A weekly transmittal of all SIAP changes and additions may be obtained by subscription at an annual rate of \$150 per annum from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Additional copies mailed to the same address may be ordered for \$30 each.

Since a situation exists that requires immediate adoption of this amendment, I find that further notice and public procedure hereon is impracticable and

good cause exists for making it effective in less than 30 days.

In consideration of the foregoing, part 97 of the Federal Aviation Regulations is amended as follows, effective on the dates specified:

1. Section 97.23 is amended by establishing, revising, or canceling the following VOR-VOR/DME SIAP, effective November 8, 1972.

Hickory, N.C.—Hickory Municipal Airport, VOR Runway 24, Amdt. 14; Canceled; (Amdt. 13, effective 15 April 1971, remains in effect).

2. Section 97.27 is amended by establishing, revising, or canceling the following NDB/ADF SIAP's, effective December 28, 1972.

Walterboro, S.C.—Walterboro Municipal Airport, NDB Runway 23, Amdt. 2; Revised. Wolf Point, Mont.—Wolf Point International Airport, NDB-A, Original; Established.

3. Section 97.27 is amended by establishing, revising, or canceling the following NDB/ADF SIAP, effective November 23, 1972.

Detroit, Mich.—Detroit Metropolitan Wayne County Airport, NDB Runway 27, Amdt. 3; Revised.

4. Section 97.29 is amended by establishing, revising, or canceling the following ILS SIAP's, effective November 3, 1972.

Dayton, Ohio—James M. Cox-Dayton Municipal Airport, ILS Runway 18, Amdt. 1; Revised.

Oakland, Calif.—Metropolitan Oakland International Airport, ILS Runway 29, Amdt. 16; Revised.

(Secs. 307, 313, 601, 1110, Federal Aviation Act of 1958; 49 U.S.C. 1438, 1354, 1421, 1510, sec. 6(c) Department of Transportation Act, 49 U.S.C. 1655(c) and 5 U.S.C. 552(a) (1))

Issued in Washington, D.C., on November 9, 1972.

NOTE: Incorporation by reference provisions in §§ 97.10 and 97.20 approved by the Director of the Federal Register on May 12, 1969 (35 F.R. 5610).

C. R. MELUGIN, Jr.,  
Acting Director,  
Flight Standards Service.

[FR Doc.72-19654 Filed 11-15-72; 8:45 am]

### Chapter V—National Aeronautics and Space Administration

#### PART 1201—STATEMENT OF ORGANIZATION AND GENERAL INFORMATION

1. Part 1201 revised in its entirety as follows:

##### Subpart 1—Introduction

- Sec.
- 1201.100 Creation and Authority.
  - 1201.101 Purpose.
  - 1201.102 Functions.
  - 1201.103 Administration.

##### Subpart 2—Organization

- 1201.200 General.