error and publishes the effective date of December 12, 1980.

DATE: Part 72 is effective December 12, 1980.

FOR FURTHER INFORMATION CONTACT:
John D. Philips, Chief, Rules and Procedures, Office of Administration, Nuclear Regulatory Commission, Washington, DC 20555, (301) 492–7086.

Dated at Bethesda, Maryland this 20th day of November, 1980.

For the Nuclear Regulatory Commission.

Samuel J. Chilk,

Secretary of the Commission.

[FR Doc. 80–36883 Filed 11–26–80; 8:45 am]

BILLING CODE 7590–01–M

FEDERAL RESERVE SYSTEM

12 CFR Part 201

Extensions of Credit by Federal Reserve Banks; Changes in Discount Rates

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule.

SUMMARY: The Board of Governors has amended its Regulation A, "Extensions of Credit by Federal Reserve Banks," for the purpose of adjusting discount rates with a view to accommodating commerce and business in accordance with other related rates and the general credit situation of the country. In addition, the Board adopted a surcharge of 2 percentage points on frequent use of the discount window by large borrowers.

EFFECTIVE DATE: The changes were effective on the date specified below.

FOR FURTHER INFORMATION CONTACT:
Theodore E. Allison, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551 (202/452–3257).

SUPPLEMENTARY INFORMATION: Pursuant to the authority of 5 U.S.C. Sec. 553(b)(3)(B) and (d)(3), these amendments are being published without prior general notice of proposed rulemaking, public participation, or deferred effective date. The Board has for good cause found that current economic and financial considerations required that these amendments must be adopted immediately.

Pursuant to section 14(d) of the Federal Reserve Act (12 U.S.C. 357, Part 201 is amended as set forth below:

1. Section 201.51 is revised to read as follows:

§ 201.51 Short term adjustment credit for depository institutions.

The rates for short term adjustment credit provided to depository institutions § 201.3(a) of Regulation A are:

Federal Reserve Bank of—	Rate	Effective
Boston	12	Nov. 17, 1980.
New York	12	Nov. 17, 1980.
Philadelphia	12	Nov. 17, 1980.
Cleveland	12	Nov. 17, 1980.
Richmond	12	Nov. 17, 1980.
Atlanta	12	Nov. 17, 1980.
Chicago	12	Nov. 17, 1980.
St. Louis	12	Nov. 17, 1980.
Minneapolis	12	Nov. 17, 1980.
Kansas City	12	Nov. 17, 1980.
Dallas	12	Nov. 17, 1980.
San Francisco	12	Nov. 17, 1980.

A 2 percent surcharge is imposed additionally on borrowings for short-term adjustment purposes of institutions with deposits of $500 million or more.

2. Section 201.52 is revised to read as follows:

§ 201.52 Extended credit to depository institutions.

(a) The rates for seasonal credit to depository institutions under § 201.3(b)(1) of Regulation A are:

Federal Reserve Bank of—	Rate	Effective
Boston	12	Nov. 17, 1980.
New York	12	Nov. 17, 1980.
Philadelphia	12	Nov. 17, 1980.
Cleveland	12	Nov. 17, 1980.
Richmond	12	Nov. 17, 1980.
Atlanta	12	Nov. 17, 1980.
Chicago	12	Nov. 17, 1980.
St. Louis	12	Nov. 17, 1980.
Minneapolis	12	Nov. 17, 1980.
Kansas City	12	Nov. 17, 1980.
Dallas	12	Nov. 17, 1980.
San Francisco	12	Nov. 17, 1980.

(b) The rates of other extended credit provided to depository institutions where there are exceptional circumstances or practices involving a particular institution under § 201.3(b)(2) of Regulation A are:

Federal Reserve Bank of—	Rate	Effective
Boston	13	Nov. 17, 1980.
New York	13	Nov. 17, 1980.
Philadelphia	13	Nov. 17, 1980.
Cleveland	13	Nov. 17, 1980.
Richmond	13	Nov. 17, 1980.
Atlanta	13	Nov. 17, 1980.
Chicago	13	Nov. 17, 1980.
St. Louis	13	Nov. 17, 1980.
Minneapolis	13	Nov. 17, 1980.
Kansas City	13	Nov. 17, 1980.
Dallas	13	Nov. 17, 1980.
San Francisco	13	Nov. 17, 1980.

3. Section 201.53 is revised to read as follows:

§ 201.53 Emergency credit for other than depository institutions.

The rates for emergency credit to individuals, partnerships, or corporations other than depository institutions under § 201.3(c) of Regulation A are:

Federal Reserve Bank of—	Rate	Effective
Boston	15	Nov. 17, 1980.
New York	15	Nov. 17, 1980.
Philadelphia	15	Nov. 17, 1980.
Cleveland	15	Nov. 17, 1980.
Richmond	15	Nov. 17, 1980.
Atlanta	15	Nov. 17, 1980.
Chicago	15	Nov. 17, 1980.
St. Louis	15	Nov. 17, 1980.
Minneapolis	15	Nov. 17, 1980.
Kansas City	15	Nov. 17, 1980.
Dallas	15	Nov. 17, 1980.
San Francisco	15	Nov. 17, 1980.

(12 U.S.C. 248(i). Interprets or applies (12 U.S.C. 357))

By order of the Board of Governors, November 19, 1980.

Jefferson A. Walker,

Assistant Secretary of the Board.

[FR Doc. 80–36894 Filed 11–25–80; 8:45 am]

BILLING CODE 6210–01–M

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 741

[IRPS 80–11]

Statement of Interpretation and Policy; State Chartered Federally Insured Credit Unions As Most Favored Lenders

AGENCY: National Credit Union Administration.

ACTION: Statement of interpretation and policy.

SUMMARY: This document states that Section 205(g)(1) of the Federal Credit Union Act grants most favored lender status to a state chartered federally insured credit union. It also states that Section 205(g)(1) applies only when a credit union is granting a loan other than a first mortgage loan, a business loan of $1,000 or more, or an agricultural loan of $1,000 or more. As a result, when the interest rate a credit union could normally charge on such a loan is less than one percent over the discount rate for 90-day commercial paper, the credit union can charge an interest rate of up to one percent plus the discount rate *or* it can charge any interest rate any other lender (such as a bank or a savings and loan association) could charge on the same loan under state law. This interpretation and policy statement is being issued in response to requests

from a credit union and a trade association.

EFFECTIVE DATE: November 19, 1980.

ADDRESS: National Credit Union Administration, 1776 G Street, NW., Washington, D.C. 20456.

FOR FURTHER INFORMATION CONTACT: John L. Culhane, Jr., Attorney Advisor, Office of General Counsel, at the above address. Telephone: (202) 357–1030.

SUPPLEMENTARY INFORMATION: Under the National Bank Act, a national bank is authorized to charge interest at the rate allowed by the laws of the state where it is located *or* 1 percent in excess of the discount rate on 90-day commercial paper in effect at the Federal reserve district where it is located, whichever is greater, 12 U.S.C. 85. Because national banks can under certain circumstances charge any rate allowed to any other lender under state law, they have been said to have most favored lender status.

Recently, the Office of General Counsel of the Federal Home Loan Bank Board ruled that Section 521 of the Depository Institutions Deregulation and Monetary Control Act of 1980 also grants most favored lender status to federally insured savings and loan associations. After this ruling was issued, a credit union and a trade association asked NCUA to review Section 205(g)(1) of the Federal Credit Union Act to determine if a state chartered federally insured credit union also has most favored lender status.

Section 205(g)(1) was added to the Federal Credit Union Act by Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980. Title V contains three parts overriding state usury laws. Part A applies to first mortgage loans. As amended, Part B applies to business and agricultural loans on $1,000 or more. Part C applies to all other loans. Under Part C, Section 523 amended the Federal Credit Union Act by adding Section 205(g)(1). 12 U.S.C.A. 1785(g)(1).

Section 205(g)(1) reads as follows:

> If the applicable rate prescribed in this subsection exceeds the rate an insured credit union would be permitted to charge in the absence of this subsection, such credit union may, notwithstanding any State, constitution or statute which is hereby preempted for the purposes of this subsection, take, receive, reserve, and charge on any loan, interest at a rate of not more than 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve District where such insured credit union is located or at the rate allowed by the laws of the State, territory, or district where such credit union is located, whichever may be greater.

The first question, then, is how should the phrase "the applicable rate prescribed in this subsection," be interpreted. Although the phrase is not entirely clear, NCUA believes the rate referred to is one percent over the discount rate for 90-day commercial paper. That rate is the only rate specifically set out in the Section 205(g)(1). As a result, if the interest rate a state chartered federally insured credit union could normally charge on a loan is *less* than one percent over the discount rate for 90-day commercial paper, then the credit union can either charge up to one percent over the discount rate *or* "the rate allowed by the laws of the State, territory, or district where the credit union is located."

The next question, then is how should the phrase "the rate allowed by the laws of the State . . . where the [financial institution] is located" be interpreted. Under the National Bank Act, such language has been interpreted as granting most favored lender status to the financial institution. *See Tiffany* v. *National Bank of Missouri*, 85 U.S. 409, 413 (1974), *cited with approval*, *Marquette National Bank* v. *First Omaha Corp.*, 439 U.S. 299, 314 (1978).

Another interpretation would be that the "rate allowed" is the same as the rate "permitted," i.e. the "rate allowed" is the interest rate that normally applies to loans made by a state chartered federally insured credit union under state law (for example, the interest rate set out in the state credit union act). Under this interpretation the credit union could charge either the interest rate it normally charges on loans under state law or up to one percent over the discount rate on 90-day commercial paper. However, NCUA believes that interpreting the phrase "rate allowed" to grant most favored lender status to state chartered federally insured credit unions is the better interpretation.

Under the most favored lender interpretation a credit union has the option to charge up to one percent over the discount rate or to charge the same rate any other lender (such as a bank or a savings and loan association) could charge on the loan under state law. Such an interpretation is more consistent with the language of Section 205(g)(1); it would give meaning to the final clause, "whichever may be greater." The different options are only triggered if the "rate permitted" is less than one percent over the discount rate, but this rate would always be the lesser if the "rate permitted" and the "rate allowed" are the same. The phrase "whichever may be greater" is redundant unless unless the "rate allowed" is different from the "rate permitted."

Not only does the statutory language support this interpretation, but so does the legislative history. Even though the legislative history of Section 205(g)(1) is sparse, there is some indication that Congress intended to grant most favored lender status to state chartered federally insured credit unions. In discussing the Conference Report on H.R. 4986, Senator Bumpers expressed his approval of the provisions permitting state chartered federally insured credit unions to charge either 1 percent over the discount rate or the rate permitted by state law (if that rate is higher), notwithstanding state usury laws. He indicated he supported the change because it would remove the competitive advantage National banks have by virtue of the most favored lender status they enjoy under 12 U.S.C. 85. 126 Cong. Rec. S 3177 (daily ed. March 27, 1980).

For these reasons, NCUA has determined to interpret Section 205(g)(1) to grant most favored lender status to state chartered federally insured credit unions. In reaching this decision NCUA is also mindful of the fact that as of August 1, 1980 one state had authorized an interest rate ceiling of 10 percent for its state chartered credit unions, at least ten states had authorized interest rate ceilings for state chartered credit unions of 15 percent or less, and one other state authorized an interest rate ceiling of 16 percent.

State chartered federally insured credit unions are cautioned that a different Section, Section 525 of the Depository Institutions Deregulation and Monetary Control Act of 1980, permits a state to elect not to have Section 205(g)(1) apply in that state. Before granting loans under the authority of this interpretive ruling, a state credit union should contact the state supervisory agency to determine whether or not Section 205(g)(1) has been superceded.

Text of Statement of Interpretation and Policy [IRPS 80–11]

Section 205(g)(1) of the Federal Credit Union Act states that:

> If the applicable rate prescribed in this subsection exceeds the rate an insured credit union would be permitted to charge in the absence of this subsection, such credit union may, notwithstanding any State constitution or statute which is hereby preempted for the purposes of this subsection, take, receive, reserve, and charge on any loan, interest at a rate of not more than 1 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve District where the insured credit union is located or at the rate allowed by the laws of the State,

territory, or district where such credit union is located, whichever may be greater.

NCUA interprets this Section to grant most favored lender status to state chartered federally insured credit unions. Whenever one per centum in excess of the discount rate on ninety-day commercial paper at the Federal Reserve bank in the Federal Reserve District where such credit union is located is higher than the interest rate the credit union could normally charge on any loan (other than a mortgage loan, a business loan of $1000 or more, or an agricultural loan of $1000 or more), then the credit union has two options. The credit union may charge either up to one per centum in excess of that discount rate *or* it may charge any rate any other lender could charge on that loan under state law, whichever is greater.

Rosemary Brady,

Secretary, NCUA Board.

November 21, 1980.

[FR Doc. 80-36890 Filed 11-25-80; 8:45 am]

BILLING CODE 7535-01-M

FEDERAL TRADE COMMISSION

16 CFR Part 1

Oral Presentations Before the Commission and Communications With Commissioners and Their Staffs in Trade Regulation Rulemaking Proceedings

AGENCY: Federal Trade Commission.

ACTION: Final rules.

SUMMARY: The Federal Trade Commission amends its procedures governing oral presentations before the Commission and communications with Commissioners and their staffs in trade regulation rulemaking proceedings in accordance with the provisions of section 18 of the FTC Act, as amended by section 12 of the FTC Improvements Act of 1980, Pub. L. No. 96–252.

EFFECTIVE DATE: These rules are effective on November 24, 1980.

FOR FURTHER INFORMATION CONTACT: Jerome Tintle, (202) 523–3487, Office of General Counsel, Federal Trade Commission, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

SUPPLEMENTARY INFORMATION: On July 31, 1980 (at 45 FR 50814), the Commission published for comment proposed amendments to Commission Rules 1.13(i) and 1.18 (a) and (c) implementing the provisions of Section 18 of the FTC Act, as amended by Section 12 of the FTC Improvements Act of 1980, Pub. L. No. 96–252. Interested parties were given until September 29, 1980, later extended to October 20, 1980 (45 FR 67359), to submit written comments. After reviewing the comments, the Commission has determined to promulgate as final rules the proposed amendments with a revision of Rule 1.18(a) as suggested by the comments.

Communications by Outside Parties

(1) Two comments object to the Commission's proposal to retain in Rule 1.18(c)(1) the provision requiring the placement of timely oral communications on the rulemaking record and untimely ones on the public record. The objection is based upon the language of subsection 18(j) of the FTC Act which states that transcriptions or summaries of meetings with outside parties "shall be * * * included in the rulemaking record."

In its July 31, 1980, Notice, the Commission noted that a literal interpretation of subsection 18(j) could result in the placement on the rulemaking record of communications which, if made in the course of the proceeding, would be untimely, thereby subverting the orderly rulemaking process. 45 FR at 50815. It further observed that the problem of untimely communications could be resolved by a rule limiting the period for meetings between Commissioners and outside parties to the initial comment period—an approach which would substantially reduce the period of time now available for such meetings. *Id.* One comment also objects to the latter approach on the grounds that it would conflict with Congress' intent "to encourage the Commissioners to meet with outside parties." Report of the Senate Committee on Commerce, Science, and Transportation on S. 1991, S. Rep. No. 96–500, 96th Cong., 1st Sess. 22 (1979) (hereinafter cited as "Senate Report").

The Commission continues to believe that the more reasonable alternative would be to interpret subsection 18(j) as requiring placement of communications from outside parties on the rulemaking record when appropriate. We find no indication in the legislative history that Congress intended subsection 18(j) to afford outside parties the opportunity to submit information for the record after established deadlines and thereby subvert the orderly rulemaking process and create a privileged status for meetings between Commissioners and outside parties. On the contrary, the legislative history of subsection 18(j) indicates that Congress intended to make the Commission's current rules governing *ex parte* contacts by outside parties "statutory." Senate Report at 4 and 22.[1] Accordingly, Rule 1.18(c)(1) retains the provisions specifying that oral communications will be placed on the rulemaking record only if they comply with the applicable requirements for written submissions at that stage of the proceeding, and that noncomplying oral communications will be placed on the public record.

(2) One comment suggests that the advance notice requirement of proposed Rule 1.18(c)(1)(ii) be restricted to face-to-face communications between a Commissioner and outside parties. The rationale given is that subsection 18(j) speaks only in terms of "meetings" between Commissioners and outside parties and that to impose the requirement upon other forms of oral communications (such as by telephone) would be contrary to Congress' intent. The Commission disagrees. The advance notice requirement of subsection 18(j) is intended to enable Commissioners to meet with outside parties "[w]ithout the fear that they may be susceptible to charges of improper ex parte *contacts.*" Senate Report at 22 (emphasis added). The Senate Report's reference to "contacts" clearly suggests that Congress intended subsection 18(j) to apply to any oral communication, whether face-to-face or otherwise. A restrictive interpretation of the term "meeting" would defeat the purpose for which Congress imposed the advance notice requirement.

(3) The comments concerning the alternative methods for recording meetings with outside parties vary. One recommends that all meetings be transcribed verbatim. Others favor summaries in all cases. One suggests that the rules be amended to provide for verbatim transcription only in exceptional cases and to require persons seeking contact with Commissioners to bring a summary with them. The Commission has determined to retain both options as proposed and not to amend the rules to limit verbatim transcription to exceptional cases. The Commission also believes that in cases where Commissioners determine to

[1] The Senate Report at page 22 describes the Commission's rules which were in effect at that time as requiring meetings with outside parties to be "on the record." We assume, however, that when the Senate Committee on Commerce, Science, and Transportation wrote its report on S. 1991 in November 1979, it knew that the Commission's rules, which had been promulgated in March 1979 (44 FR 16366–68 (Mar. 19, 1979)), permitted only timely communications to be placed on the rulemaking record and required untimely ones to be placed on the public record. Hence, the Committee's use of the phrase "on the record" in that context must refer to the Commission's then existing practice of placing timely communications on the rulemaking record and untimely communications on the public record.