not a ''major rule'' within the meaning of the relevant sections of the Small Business Regulatory Enforcement Fairness Act of 1996 (''SBREFA'') (5 U.S.C. 801 *et seq.*). As required by SBREFA, the FDIC will file the appropriate reports with Congress and the General Accounting Office so that the interim rule may be reviewed.

List of Subjects in 12 CFR Part 330

Bank deposit insurance, Banks, banking, Reporting and recordkeeping requirements, Savings and loan associations, Trusts and trustees.

■ For the reasons stated above, the Board of Directors of the Federal Deposit Insurance Corporation hereby amends part 330 of chapter III of title 12 of the Code of Federal Regulations as follows:

PART 330—DEPOSIT INSURANCE COVERAGE

■ 1. The authority citation for part 330 continues to read as follows:

Authority: 12 U.S.C. 1813(l), 1813(m), 1817(i), 1818(q), 1819 (Tenth), 1820(f), 1821(a), 1822(c).

■ 2. Section 330.1 paragraphs (n), (o) and (p) are redesignated as (o), (p) and (q), respectively, and a new paragraph (n) is added to read as follows:

§ 330.1 Definitions.

* * * * *

(n) Standard maximum deposit insurance amount, referred to as ''the SMDIA'' hereafter, means $100,000 adjusted pursuant to subparagraph (F) of section 11(a)(1) of the FDI Act (12 U.S.C. 1821(a)(1)(F)). The current SMDIA is $100,000. All the examples in this regulation use the current SMDIA of $100,000.

§ 330.6 [Amended]

■ 3. Section 330.6 paragraphs (a), (b), (c) and (d) are amended by removing ''$100,000'' in each paragraph and adding in its place ''the SMDIA''.

§ 330.7 [Amended]

■ 4. Section 330.7 paragraph (e) is amended by removing ''$100,000'' and adding in its place ''the SMDIA''.

§ 330.8 [Amended]

■ 5. Section 330.8 paragraph (a) is amended by removing ''$100,000'' and adding in its place ''the SMDIA''.

■ 6. Section 330.9 paragraph (a) is amended by removing ''$200,000'' and adding in its place ''twice the SMDIA'', and the first sentence in paragraph (b) is revised to read as follows:

§ 330.9 Joint ownership accounts.

* * * * *

(b) Determination of insurance coverage. The interests of each co-owner in all qualifying joint accounts shall be added together and the total shall be insured up to the SMDIA. * * *

* * * * *

§ 330.10 [Amended]

■ 7. Section 330.10 paragraphs (a), (c), (d) and (f)(3) are amended by removing ''$100,000'' and adding in its place ''the SMDIA''.

§ 330.11 [Amended]

■ 8. Section 330.11 is amended by removing ''$100,000'' in the four places it appears and adding in its place ''the SMDIA''.

§ 330.12 [Amended]

■ 9. In Section 330.12 paragraph (a) is amended by removing ''$100,000'' and adding in its place ''the SMDIA'', the reference to ''§ 330.1(o)'' in paragraph (a) is removed and ''§ 330.1(p)'' is added in its place, and the reference in paragraph (b)(1) to ''§ 330.1(n)'' is removed and ''§ 330.1(o)'' is added in its place.

§ 330.13 [Amended]

■ 10. Section 330.13 is amended by removing ''$100,000'' in the three places it appears and adding in its place ''the SMDIA'' and the reference in paragraph (a) to ''§ 330.1(p)'' is removed and ''§ 330.1(q)'' is added in its place.

■ 11. In § 330.14 paragraph (a) is revised, paragraphs (b) and (h) are removed, and paragraphs (c), (d), (e), (f) and (g) are redesignated, respectively, as (b), (c), (d), (e) and (f); newly designated paragraphs (d) and (e) are amended by removing ''$100,000'' and adding in its place ''the SMDIA''; the reference to ''(c)(2)'' in newly designated paragraph (c)(3) is removed and ''(b)(2)'' is added in its place; and newly designated paragraph (b)(2) is revised.

The revisions read as follows:

§ 330.14 Retirement and other employee benefit plan accounts.

(a) ''Pass-through'' insurance. Any deposits of an employee benefit plan or any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986 (26 U.S.C. 457) in an insured depository institution shall be insured on a ''pass-through'' basis, in the amount of up to the SMDIA for the non-contingent interest of each plan participant, provided the rules in § 330.5 are satisfied.

(b) * * *

(2) Certain retirement accounts. Deposits in an insured depository institution made in connection with the following types of retirement plans shall be aggregated and insured in the amount of up to $250,000 per participant:

(A) Any individual retirement account described in section 408(a) of the Internal Revenue Code of 1986 (26 U.S.C. 408(a)):

(B) Any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986 (12 U.S.C. 457); and

(C) Any individual account plan defined in section 3(34) of the Employee Retirement Income Security Act (ERISA) (29 U.S.C. 1002) and any plan described in section 401(d) of the Internal Revenue Code of 1986 (26 U.S.C. 401(d)), to the extent that participants and beneficiaries under such plans have the right to direct the investment of assets held in individual accounts maintained on their behalf by the plans.

* * * * *

§ 330.15 [Amended]

■ 12. Section 330.15 is amended by removing the heading ''Public unit accounts'' and adding in its place ''Accounts held by government depositors''; and ''$100,000'' is removed in the thirteen places it appears and ''the SMDIA'' is added in its place.

§ 330.16 [Removed]

■ 13. Section 330.16 is removed.

By order of the Board of Directors.

Dated at Washington DC, this 14th day of March, 2006.

Federal Deposit Insurance Corporation.

Robert E. Feldman,

Executive Secretary.

[FR Doc. 06–2779 Filed 3–22–06; 8:45 am]

BILLING CODE 6714–01–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 745

RIN 3133–AD18

Share Insurance and Appendix

AGENCY: National Credit Union Administration (NCUA).

ACTION: Interim final rule with request for comments.

SUMMARY: NCUA is amending its share insurance rules to implement amendments to the Federal Credit Union Act (FCU Act) made by the Federal Deposit Insurance Reform Act of 2005 (Reform Act) and the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Conforming Amendments Act). In this regard, the

interim final rule: Defines the ''standard maximum share insurance amount'' as $100,000 and provides that beginning in 2010, and in each subsequent 5-year period thereafter, NCUA and the Federal Deposit Insurance Corporation (FDIC) will jointly consider if an inflation adjustment is appropriate to increase that amount; increases the share insurance limit for certain retirement accounts from $100,000 to $250,000, subject to the above inflation adjustments; and provides pass-through coverage to each participant of an employee benefit plan, but limits the acceptance of shares in employee benefit plans to insured credit unions that are well capitalized or adequately capitalized. Additionally, NCUA is amending its share insurance rules to clarify insurance coverage for qualified tuition programs, commonly referred to as 529 plans, and share accounts denominated in foreign currencies.

DATES: This interim final rule is effective April 1, 2006. Comments must be received by NCUA on or before May 22, 2006.

ADDRESSES: You may submit comments by any of the following methods (Please send comments by one method only):

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *NCUA Web site: http://www.ncua.gov/news/proposed_regs/proposed_regs.html.* Follow the instructions for submitting comments.
- *E-mail: Address to regcomments@ncua.gov.* Include ''[Your name] Comments on Interim Final Part 745'' in the e-mail subject line.
- *Fax:* (703) 518–6319. Use the subject line described above for e-mail.
- *Mail:* Address to Mary Rupp, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.
- *Hand Delivery/Courier:* Same as mail address.

FOR FURTHER INFORMATION CONTACT: Frank Kressman, Staff Attorney, Office of General Counsel, or Moisette Green, Staff Attorney, Office of General Counsel, at the above address or telephone: (703) 518–6540.

SUPPLEMENTARY INFORMATION:

A. Federal Deposit Insurance Reform Act of 2005 and Federal Deposit Insurance Reform Conforming Amendments Act of 2005

The Reform Act and Conforming Amendments Act, (Pub. L. 109–171) and (Pub. L. 109–173), amended the share insurance provisions of the FCU Act in a number of ways. 12 U.S.C. 1781–1790d. Specifically, Section 2103(a) of the Reform Act provides that beginning April 1, 2010, and each subsequent 5-year period thereafter, NCUA and the FDIC will jointly consider if an inflation adjustment is appropriate to increase the NCUA's current ''standard maximum share insurance amount'' (SMSIA), which is defined in 12 U.S.C. 1787(k) as $100,000, and the ''standard maximum deposit insurance amount'' (SMDIA), the FDIC equivalent. Any increase to the SMSIA or SMDIA will be calculated using a formula comparing, over time, the published annual values of the Personal Consumption Expenditures Chain-Type Price Index, published by the Department of Commerce, and rounded down to the nearest $10,000. The Reform Act also requires NCUA and FDIC to consider certain other factors in determining whether to increase the SMSIA and SMDIA. Additionally, if an adjustment is warranted, NCUA and FDIC are required to publish information in this regard in the **Federal Register** and provide a corresponding report to Congress by April 5, 2010, and every succeeding fifth year. Subsequently, under those circumstances, an inflation adjustment will take effect on January 1st of the year immediately succeeding the year in which the adjustment is calculated unless an Act of Congress provides otherwise.

Section 2(d)(1)(C) of the Conforming Amendments Act mandates that NCUA provide ''pass-through'' share insurance coverage for shares in any employee benefit plan account on a per-participant basis. This type of coverage is called ''pass-through'' because it passes through the employee benefit plan administrator to each of the participants in the plan. The employee benefit plans this section refers to includes those described in: (1) Section 3(3) of the Employee Retirement Income Security Act of 1974; (2) section 401(d) of the Internal Revenue Code (IRC); and (3) section 457 of the IRC. This section, however, limits the acceptance of employee benefit plan shares only by insured credit unions that are ''well capitalized'' or ''adequately capitalized'' as those terms are defined in Section 216(c) of the FCU Act. 12 U.S.C. 1790d(c).

Section 2(d)(2) of the Conforming Amendments Act amended 12 U.S.C. 1787(k)(3) of the FCU Act to increase the share insurance limit for certain retirement accounts from $100,000 to $250,000. The increased limit is also subject to the inflation adjustments discussed above. The types of accounts within this category of coverage include those specifically enumerated in 12 U.S.C. 1787(k)(3): Individual retirement accounts (''IRAs'') described in section 408(a) of the IRC and any plan described in section 401(d) of the IRC (Keogh accounts).

Additionally, the Conforming Amendments Act created the term ''Government Depositor'' in connection with public funds described in and insured under 12 U.S.C. 1787(k)(2). It also provides that the shares of a government depositor are insured in an amount up to the SMSIA, subject to the inflation adjustment described above. The below amendments to NCUA's share insurance rules in part 745 implement the share insurance coverage revisions made by the Reform Act and the Conforming Amendments Act.

B. Standard Maximum Share Insurance Amount

The interim final rule adds a definition of SMSIA to section 745.1, the definitions section of the share insurance rules. 12 CFR 745.1. The definition of SMSIA tracks the language of the Conforming Amendments Act and reads ''$100,000, adjusted as provided under section 11(a)(1)(F) of the Federal Deposit Insurance Act.'' 12 U.S.C. 1821 (a)(1)(F). Revised section 11(a)(1)(F) of the Federal Deposit Insurance Act details how every five years, the NCUA and FDIC will consider and calculate the inflation adjustment to the SMSIA and SMDIA, as discussed in more detail above. Also, the definition of SMSIA notes: (1) The current SMSIA is $100,000; (2) the acronym SMSIA is used throughout the regulatory text of part 745; and (3) all examples of share insurance coverage in part 745 use the current SMSIA of $100,000, unless a higher limit is presented and specifically noted. Accordingly, all references to the current insurance amount of $100,000 in the appendix to part 745, except for the examples in the appendix, are replaced by the acronym SMSIA. Examples in the appendix to part 745, which NCUA believes are helpful in illustrating a member's insurance coverage, will continue to provide the dollar amount of insurance for the particular example so members can calculate and know the insurance available on their accounts. The use of the acronym SMSIA throughout the regulatory text of part 745, instead of an actual number, will allow NCUA to avoid having to change the numerical limit of share insurance throughout the rule each time the SMSIA is adjusted for inflation.

C. Retirement and Other Employee Benefit Plan Accounts

The interim final rule consolidates §§ 745.9–2 and 745.9–3, which address share insurance coverage for IRA/Keogh accounts and deferred compensation accounts, in implementing amendments to the FCU Act by the Conforming Amendments Act. As discussed in more detail in Section A above, this includes establishing pass-through insurance coverage for employee benefit plan accounts and increased share insurance coverage to $250,000 for certain retirement accounts.

Although the Conforming Amendments Act prohibits insured credit unions that are not ''well capitalized'' or ''adequately capitalized'' from accepting employee benefit plan shares, pass-through coverage will be granted even to shares in employee benefit plan accounts accepted by insured credit unions prohibited from accepting them due to their capital levels. This applies to all employee benefit plan shares, including those placed before the effective date of this rule.

Generally, full share insurance coverage in an employee benefit plan, such as a deferred compensation account, has been limited to plan participants who are also members of the credit union in which the account is maintained. NCUA intends to insure employee benefit plan participants in accordance with the example for retirement funds currently provided in the appendix to NCUA's insurance rule. 12 CFR Appendix A, Part G, Example 3 and 3(a). This means participants in an employee benefit plan who are credit union members receive up to $100,000 as to their determinable interest and member interests not capable of evaluation and non-member interests are added together and are insured up to $100,000 in the aggregate. The language of the Conforming Amendments Act suggests greater NCUA authority to provide pass-through coverage on a per-participant basis, regardless of membership status. Specifically, the Conforming Amendments Act defines pass-through insurance as ''insurance coverage based on the interest of each participant'' without including any limitations or qualifications requiring the membership status of each participant. Federal Deposit Insurance Reform Conforming Amendments Act of 2005, Public. Law. 109–173. Also, while not conclusive, the legislative history of the Reform Act evidences congressional intent to advance a national priority of enhancing retirement security for all Americans. H.R. Rep. No. 109–67 at 22 (2005). On those bases, NCUA believes it may be appropriate to extend full coverage to all participants in an employee benefit plan if a plan trustee or the employer sponsoring the plan is a member or if some percentage of plan participants are members, for example, 25%. NCUA further believes extending full coverage to all participants, regardless of membership status, is both fair and reasonable for two reasons. First, it is extremely likely that employers or trustees will only establish employment benefit plans at a credit union if there is already some membership connection, for example, the employee group is within the field of membership of the credit union. Second, participants may not be able to control or readily determine where their interests in an employee benefit plan are maintained and, therefore, as a matter of fairness to participants, all should be assured of full, pass-through coverage.

Accordingly, NCUA seeks comment on whether this pass-through coverage should be: (1) Provided as it is currently, meaning non-member interests will have limited aggregate insurance; (2) extended to provide full coverage to non-member participants; or (3) extended to provide full coverage to non-member participants as long as there is a membership connection such as the employer or trustee is a member or if some percentage of plan participants are members.

D. Public Unit Accounts

The interim final rule changes the heading of § 745.10 from ''Public Unit Accounts'' to ''Accounts Held By Government Depositors'' to reflect the amendments to 12 U.S.C. 1787(k)(2) by the Conforming Amendments Act. The interim rule does not make any substantive changes to § 745.10 other than replacing references to $100,000 with references to the SMSIA.

E. 529 Plans

Section 529 of the IRC provides tax benefits for qualified tuition programs (529 programs). 26 U.S.C. 529(a). These programs include prepaid tuition programs, which educational institutions may create, as well as tuition savings programs that states or public instrumentalities sponsor. 26 U.S.C. 529(b)(1). Section 529 defines a tuition savings program as a program under which a person ''may make contributions to an account which is established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account,'' and which meets certain requirements. 26 U.S.C. 529(b)(1)(A)(ii). A participant in a 529 program acquires an interest in a state trust and does not directly deposit funds with a financial institution. Assuming that the assets of a 529 program include deposits with a credit union, the state investment trust could be viewed as the custodian of the deposits. While the National Credit Union Share Insurance Fund could insure a state investment trust as a public unit account, treating 529 program accounts as public unit accounts leads to an undesired result. Under the NCUA's insurance regulation, public units are insured in the aggregate up to $100,000 per custodian for regular share accounts and share certificates. See 12 CFR 745.10.

In April 2005, a state contacted NCUA about share insurance coverage for its tuition savings plan established under section 529 of the IRC. 26 U.S.C. 529. The state asked NCUA to adopt a rule similar to the FDIC's interim final rule to allow pass-through coverage for participants in the 529 program. 70 FR 33689 (June 9, 2005). The FDIC's interim final rule provided pass-through coverage to each participant aggregated with the participant's other single ownership accounts at the same financial institution up to $100,000, provided that each deposit may be traced to one or more particular investors and the FDIC's disclosure rules for pass-through coverage had been satisfied. 70 FR at 33691.

NCUA's Office of General Counsel (OGC) issued a legal opinion concluding that NCUA's insurance rules provide pass-through coverage to a 529 program participant if the participant is a member of the federally insured credit union where the 529 program account is maintained and if the account is properly titled. OGC Legal Opinion 05–0630 (July 1, 2005). This interpretation of the NCUA rule reached the same result in terms of coverage and maintained parity with the account insurance provided by the FDIC in its interim rule, although on a slightly different basis. The legal opinion also noted that NCUA would consider amending its insurance rule when FDIC issued a final one. *Id.* In October 2005, FDIC finalized its interim rule without any substantive changes. Thus, NCUA is incorporating OGC Legal Opinion 05–0630 into part 745 to clarify that share insurance coverage is available for 529 program participants.

In 529 programs of which NCUA is aware, the state holds 529 program funds as an agent for the participants. Accordingly, these accounts are insured as single ownership accounts under NCUA's share insurance rule covering

accounts held by agents or nominees. 12 CFR 745.3(a)(2).

Agent or nominee accounts are insured as individual accounts and are aggregated with all other individual accounts a participant has at the same credit union up to the SMSIA. To be fully insured, the participant's interest must be ascertainable from the credit union's or state's records. 12 CFR 745.2(c)(2). Therefore, careful titling of the accounts and proper records are necessary to ensure each participant receives individual account coverage. NCUA insurance regulations require a participant to be a member of the credit union or otherwise eligible to maintain an insured account in the credit union. 12 CFR 745.0.

F. Share Accounts Denominated in a Foreign Currency

The FCU Act authorizes the NCUA Board to limit the type of share payments a credit union may accept and to determine the types of funds that will be insured. 12 U.S.C. 1766, 1782, 1782(h)(3). If NCUA permits federal credit unions (FCUs) to accept member accounts denominated in a foreign currency, then NCUA must insure them. 12 U.S.C. 1781(a). Under the FCU Act's nondiscrimination provision, NCUA must provide the same coverage for member accounts of state-chartered credit unions that comply with the FCU Act and NCUA regulations. *Id.*; 12 U.S.C. 1790.

Under the incidental powers rule, FCUs can provide monetary instrument services that enable members to purchase, sell, or exchange various currencies. 12 CFR 721.3(i). FCUs can use their accounts in foreign financial institutions to facilitate transfers and negotiations of members' share drafts denominated in foreign currencies or engage in monetary transfer services. FCU funds deposited in a foreign financial institution are not insured by NCUA and may not be insured by the foreign country. Consequently, NCUA has highlighted the need for FCUs to exercise due diligence to ensure the foreign financial institutions with which it has accounts are financially sound, suitably regulated, and authorized to accept its transactions before opening any accounts. OGC Legal Opinion 99–1031 (December 9, 1999). FCUs assume the risk of currency fluctuations when they maintain an account in a foreign financial institution. NCUA recognized this risk and, before adopting § 721.3(i), had recommended FCUs either purchase or deposit only the amount of foreign currency needed to satisfy immediate short-term needs of their members. OGC Legal Opinions 99–1031 (December 9, 1999); 90–0637 (June 29, 1990).

While the FCU Act does not prohibit FCUs from accepting foreign-denominated shares, potential safety and soundness concerns associated with currency fluctuations have kept FCUs from offering these accounts. Accordingly, NCUA has only permitted FCUs to provide foreign currency services as an incidental powers activity rather than allowing FCUs to maintain shares in foreign currency. *See* OGC Legal Opinions 89–0822 (September 15, 1989); 89–0613 (July 31, 1989). Simply accepting shares denominated in a foreign currency presents little risk, if any, to credit unions. NCUA believes federally insured credit unions can effectively manage the risks associated with accepting shares denominated in foreign currency and is issuing a rule similar to the FDIC. Lending or investing funds in foreign currency still presents an increased risk to credit unions due to currency fluctuations that cannot be easily ameliorated, so this rule does not permit lending or investing funds denominated in a foreign currency.

Before now, NCUA has not expressly addressed the insurability of member accounts denominated in foreign currency except in the foreign branching regulation, where NCUA has limited the insurability of member accounts at foreign branches of an insured credit union to accounts denominated in U.S. dollars. 12 CFR 741.11(e). This rule provides share insurance coverage for shares denominated in a foreign currency and for conversion of foreign currency to U.S. dollars before an insurance payout in the event a credit union is liquidated similarly to the FDIC.

The FDIC provides insurance coverage for deposits at insured banks denominated in a foreign currency equal to the amount of U.S. dollars equivalent in value to the amount of the deposit denominated in the foreign currency up to the SMDIA. 12 CFR 330.3(c). Under the FDIC rule, if an insured bank is liquidated, the value of the foreign currency deposit is determined using the rate of exchange quoted by the Federal Reserve Bank of New York at noon on the day the bank defaults, unless the deposit agreement states otherwise. *Id.* Deposits payable solely outside of the U.S. and its territories are not insurable deposits. 12 CFR 330.3(e).

As noted above, accepting shares denominated in a foreign currency presents little risk. If a credit union is able to fund an operation that is fully integrated and supportable in foreign currency, it will have minimized its exposure to risk of loss due to currency fluctuation. Actually, the risk would shift to the members who deposit and withdraw funds denominated in the foreign currency.

This interim final rule permits credit unions to accept shares denominated in foreign currency and provides share insurance coverage of those shares. By accepting shares denominated in foreign currencies, credit unions can better serve members who, for example, receive payments in foreign currencies. Additionally, members who deposit shares denominated in a foreign currency will have the same share insurance coverage that is available for share accounts denominated in U.S. dollars. Credit unions must carefully consider any risk associated with maintaining members' shares denominated in foreign currencies before offering this service to their members. Federally insured credit unions that maintain members' shares denominated in a foreign currency will receive instructions on how to report these deposits on 5300 call reports.

This rule does not permit insured credit unions to make loans or invest funds denominated in foreign currencies. These transactions may require credit unions to participate in trading currency, also called hedging or currency swaps, to manage the risk of potential loss due to currency fluctuations. While hedging may help credit unions protect against risks associated with changing currency rates, NCUA rules currently prohibit natural person FCUs from investing in derivatives like currency swaps. 12 CFR 703.16(a). FCUs that wish to engage in swaps to hedge against currency fluctuation must apply for NCUA approval as a part of a properly designed investment pilot program. 12 CFR 703.19.

G. Interim Final Rule

The NCUA Board is issuing this rule as an interim final rule because there is a strong public interest in having in place advantageous and consumer oriented share insurance rules that enhance share insurance coverage for members, clarify legal positions already taken by NCUA, and maintain parity with the FDIC. This interim final rule is consistent with the regulatory changes FDIC must make under the Reform Act and Conforming Amendments Act. Additionally, this rule clarifies and incorporates prior interpretations of the share insurance rules that provide coverage for 529 programs and share accounts denominated in foreign currencies. Accordingly, for good cause, the Board finds that, pursuant to 5

U.S.C. 553(b)(3), notice and public procedures do not apply or are impracticable, unnecessary, and contrary to the public interest; and, pursuant to 5 U.S.C. 553(d)(3), the rule will be effective April 1, 2006, which is less time than the ordinarily required 30 days advance notice of publication. Although the rule is being issued as an interim final rule and is effective on April 1, 2006, the NCUA Board encourages interested parties to submit comments.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a rule may have on a substantial number of small credit unions, defined as those under ten million dollars in assets. This rule only clarifies and improves the share insurance coverage available to credit union members, without imposing any regulatory burden. The interim final amendments would not have a significant economic impact on a substantial number of small credit unions, and, therefore, a regulatory flexibility analysis is not required.

Paperwork Reduction Act

NCUA has determined that the interim final rule would not increase paperwork requirements under the Paperwork Reduction Act of 1995 and regulations of the Office of Management and Budget.

Executive Order 13132

Executive Order 13132 encourages independent regulatory agencies to consider the impact of their actions on state and local interests. In adherence to fundamental federalism principles, NCUA, an independent regulatory agency as defined in 44 U.S.C. 3502(5), voluntarily complies with the executive order. The interim final rule would not have substantial direct effects on the states, on the connection between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. NCUA has determined that this rule does not constitute a policy that has federalism implications for purposes of the executive order.

The Treasury and General Government Appropriations Act, 1999—Assessment of Federal Regulations and Policies on Families

The NCUA has determined that this interim final rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Public Law 105–277, 112 Stat. 2681 (1998).

Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121) (SBREFA) provides generally for congressional review of agency rules. A reporting requirement is triggered in instances where NCUA issues a final rule as defined by Section 551 of the Administrative Procedure Act. 5 U.S.C. 551. NCUA has requested a SBREFA determination from the Office of Management and Budget, which is pending. As required by SBREFA, NCUA will file the appropriate reports with Congress and the General Accounting Office so that the interim rule may be reviewed.

List of Subjects in 12 CFR Part 745

Credit unions, Share insurance.

By the National Credit Union Administration Board on March 16, 2006.

Mary F. Rupp,

Secretary of the Board.

■ Accordingly, NCUA amends 12 CFR part 745 as follows:

PART 745—SHARE INSURANCE AND APPENDIX

■ 1. The authority citation for part 745 continues to read as follows:

Authority: 12 U.S.C. 1752(5), 1757, 1765, 1766, 1781, 1782, 1787, 1789.

■ 2. Section 745.1 is amended by adding a new paragraph (e) to read as follows:

§ 745.1 Definitions.

* * * * *

(e) The term ''standard maximum share insurance amount'' or ''SMSIA'' means $100,000, adjusted pursuant to subparagraph (F) of section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(F)). The current SMSIA is $100,000. All examples in this regulation (12 CFR part 745) and appendix, unless otherwise noted, use the current SMSIA of $100,000.

§ 745.2 [Amended]

■ 3. Section 745.2(d)(2) is amended by removing ''basic insured amount of $100,000'' and adding in its place ''SMSIA.''

■ 4. Section 745.3(a) and (b) are amended by removing ''$100,000'' each time it appears and adding in its place ''the SMSIA'', and paragraph (a)(2) is amended by adding a sentence to the end to read as follows:

§ 745.3 Single Ownership Accounts.

(a) * * *

(2) * * * This applies to interests created in qualified tuition savings programs established in connection with section 529 of the Internal Revenue Code (26 U.S.C. 529).

* * * * *

§ 745.4 [Amended]

■ 5.Section 745.4 is amended as follows:

■ a. Paragraph (b) is amended by removing ''$100,000'' and adding in its place ''the SMSIA''.

■ b. Paragraph (c) is amended by removing ''$100,000'' and adding in its place ''the SMSIA'' and by removing ''$200,000'' and adding in its place ''twice the SMSIA''.

■ c. Paragraph (e) is amended by removing ''$100,000'' and adding in its place ''the SMSIA''.

■ d. Paragraph (f) is amended by removing ''$100,000'' and adding in its place ''the SMSIA''.

§ 745.5 [Amended]

■ 6. Section 745.5 is amended by removing ''$100,000'' and adding in its place ''the SMSIA''.

§ 745.6 [Amended]

■ 7. Section 745.6 is amended by removing ''$100,000'' each time it appears and adding in its place ''the SMSIA''.

■ 8. Section 745.7 is added to read as follows:

§ 745.7 Shares accepted in a foreign currency.

An insured credit union may accept shares denominated in a foreign currency. Shares denominated in a foreign currency will be insured in accordance with this part to the same extent as shares denominated in U.S. dollars. Insurance for shares denominated in foreign currency will be determined and paid in the amount of United States dollars that is equivalent in value to the amount of the shares denominated in the foreign currency as of close of business on the date of default of the insured credit union. The exchange rates to be used for such conversions are the 12 p.m. rates (the ''noon buying rates for cable transfers'') quoted for major currencies by the Federal Reserve Bank of New York on the date of default of the insured credit union, unless the share agreement provides that some other widely recognized exchange rates are to be used for all purposes under that agreement.

§ 745.8 [Amended]

■ 9. Section 745.8 is amended by removing ''$100,000'' each time it appears and adding in its place ''the SMSIA''.

§ 745.9–1 [Amended]

■ 10. Section 745.9–1 is amended by removing ''$100,000'' and adding in its place ''the SMSIA''.

■ 11. Section 745.9–2 is revised to read as follows:

§ 745.9–2 Retirement and other employee benefit plan accounts.

(a) *Pass-through share insurance.* Any shares of an employee benefit plan in an insured credit union shall be insured on a ''pass-through'' basis, in the amount of up to the SMSIA for the non-contingent interest of each plan participant, in accordance with § 745.2 of this part. An insured credit union that is not ''well capitalized'' or ''adequately capitalized'', as those terms are defined in 12 U.S.C. 1790d(c), may not accept employee benefit plan deposits. The terms ''employee benefit plan'' and ''pass-through share insurance'' are given the same meaning in this section as in 12 U.S.C. 1787(k)(4).

(b) *Treatment of contingent interests.* In the event that participants' interests in an employee benefit plan are not capable of evaluation in accordance with the provisions of this section, or an account established for any such plan includes amounts for future participants in the plan, payment by the NCUA with respect to all such interests shall not exceed the SMSIA in the aggregate.

(c)(1) *Certain retirement accounts.* Shares in an insured credit union made in connection with the following types of retirement plans shall be aggregated and insured in the amount of up to $250,000 (which amount shall be subject to inflation adjustments as provided under section 11(a)(1)(F) of the Federal Deposit Insurance Act, except that $250,000 shall be substituted for $100,000 wherever such term appears in such section) per account:

(i) Any individual retirement account described in section 408(a) (IRA) of the Internal Revenue Code (26 U.S.C. 408(a)) or similar provisions of law applicable to a U.S. territory or possession;

(ii) Any individual retirement account described in section 408A (Roth IRA) of the Internal Revenue Code (26 U.S.C. 408A) or similar provisions of law applicable to a U.S. territory or possession; and

(iii) Any plan described in section 401(d) (Keogh account) of the Internal Revenue Code (26 U.S.C. 401(d)) or similar provisions of law applicable to a U.S. territory or possession.

(2) Insurance coverage for the accounts enumerated in paragraph (c)(1) of this section is based on the present vested ascertainable interest of a participant or designated beneficiary. For insurance purposes, IRA and Roth IRA accounts will be combined together and insured in the aggregate up to $250,000 (which amount shall be subject to inflation adjustments as provided under section 11(a)(1)(F) of the Federal Deposit Insurance Act, except that $250,000 shall be substituted for $100,000 wherever such term appears in such section). A Keogh account will be separately insured from an IRA account, Roth IRA account or, where applicable, aggregated IRA and Roth IRA accounts.

§ 745.9–3 [Removed]

■ 12. Section 745.9–3 is removed.

■ 13. Section 745.10 is amended by revising the section heading as set forth below and by removing ''$100,000'' each time it appears and adding in its place ''the SMSIA''.

§ 745.10 Accounts held by government depositors.

* * * * *

■ 14. The Appendix to Part 745 is amended as follows:

■ a. Section E is amended by removing the heading ''How are Public Unit Accounts Insured?'' and adding in its place ''How are Accounts Held by Government Depositors Insured?''

■ b. The last sentence of the second paragraph of Section G is amended by removing the words ''the basic insured amount of''.

■ c. The seventh paragraph of Section G is amended by removing ''$100,000'' and adding in its place ''$250,000''.

■ d. Example 3(a) of Section G is amended by removing ''(§ 745.9–1)'' and adding in its place ''(§ 745.9–2)''.

■ e. Example 3(b) of Section G is amended by removing ''(§ 745.9–1)'' and adding in its place ''(§ 745.9–2)''.

■ f. Example 4 of Section G is revised to read as follows:

Appendix to Part 745—Examples of Insurance Coverage Afforded Accounts in Credit Unions Insured by the National Credit Union Share Insurance Fund

* * * * *

G. How are Trust Accounts and Retirement Accounts Insured?

* * * * *

Example 4

Question: Member A has an individual account of $100,000 and establishes an IRA account and accumulates $250,000 in that account. Subsequently, A becomes self-employed and establishes a Keogh account in the same credit union and accumulates $250,000 in that account. What is the insurance coverage?

Answer: Each of A's accounts would be separately insured as follows: The individual account for $100,000, the maximum for that type of account; the IRA account for $250,000, the maximum for that type of account; and the Keogh account for $250,000, the maximum for that type of account. (§§ 745.3(a)(1) and 745.9–2).

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2005–22364; Directorate Identifier 2005–NE–26–AD; Amendment 39–14526; AD 2006–06–17]

RIN 2120–AA64

Airworthiness Directives; Turbomeca Arriel 1B, 1D, and 1D1 Turboshaft Engines

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: The FAA is adopting a new airworthiness directive (AD) for Turbomeca Arriel 1B, 1D, and 1D1 turboshaft engines. This AD requires inspecting the 2nd stage nozzle guide vanes (NGV2) for wall thickness. This AD results from one instance of a fractured 2nd stage turbine blade followed by an uncommanded engine shutdown. We are issuing this AD to detect and prevent perforation of the NGV2 that could cause fracture of a turbine blade that could result in an uncommanded engine in-flight shutdown on a single-engine helicopter.

DATES: This AD becomes effective April 27, 2006. The Director of the Federal Register approved the incorporation by reference of certain publications listed in the regulations as of April 27, 2006.

ADDRESSES: You can get the service information identified in this AD from Turbomeca, 40220 Tarnos, France; telephone 33 05 59 74 40 00, fax 33 05 59 74 45 15.

You may examine the AD docket on the Internet at *http://dms.dot.gov* or in Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC.