propose a wide scope of design or operational changes up to the point of being limited by some other parameter on any of the required analyses. Potential changes might include increasing power, modifying core peaking factors, removing some accumulators from service, eliminating fast starting of one or more emergency diesel generators, etc. Some of these design and operational changes could increase plant safety. In order to ensure that any design and operational changes do not unacceptably reduce plant safety margins or unacceptably increase risk, the rule will require that any potential increase in risk associated with plant modifications is small and consistent with the Commission's Safety Goal Policy Statement (60 FR 42622, August 15, 1995). The risk-informed 10 CFR 50.46 option will also establish a design change evaluation process. The evaluation process will generally involve the criteria for risk-informed license amendments similar to those in Regulatory Guide 1.174 (ADAMS Accession No. ML023240437). The rule would require monitoring of plant risk to ensure that the bases for any facility changes made under this rule are maintained. The rule would require that proposed facility changes be reviewed and approved by the NRC via the routine license amendment process,[1] including any needed changes to the facility's technical specifications. Potential impacts of the plant changes on facility security will be evaluated during the process for license amendment reviews.

The NRC intends to periodically evaluate LOCA frequency information. If estimated LOCA frequencies significantly change, the NRC may revise the transition break size. In such a case, the backfit rule (10 CFR 50.109) would not apply. Similarly, if future evaluations of LOCA frequency invalidate the bases for a design change made by a licensee, that licensee would be required to change the facility and/or procedures or make other compensatory changes elsewhere to reduce facility risk to acceptable levels. In such cases, the backfit rule (10 CFR 50.109) also would not apply.

The NRC's current concept regarding the rule framework, the associated technical bases, and early draft rule language will be posted on the NRC's rulemaking Web site at *http://ruleforum.llnl.gov.* This draft rule conceptual basis and draft rule language are preliminary and may be incomplete in one or more respects. This early draft information is being released to inform stakeholders of the current status of the 10 CFR 50.46 rulemaking. Periodically, the NRC may post updates to the draft rule conceptual basis or draft rule language on the rulemaking Web site.

At the public meeting on August 17, 2004, the NRC would like to obtain information about the potential costs and benefits of the above rule changes in order to complete the regulatory analysis for the proposed rule. After licensees and other stakeholders review the draft rule conceptual basis and draft rule language posted on the NRC Web site (*http://ruleforum.llnl.gov*), the NRC would like to obtain information as described below.

1. Estimate the number and type of plants that might pursue this voluntary option. Estimate the costs of performing the ECCS reanalyses at these plants.

2. Provide the estimated number and types of plant design changes that would be permitted by the ECCS reanalyses at these plants (on a per unit basis) and the estimated costs of any decision analyses associated with such design changes.

3. Estimate the costs of additional analyses (apart from the ECCS reanalyses) required by the proposed rule to determine the acceptability of the above design changes. These costs could include but may not be limited to (1) updating probabilistic risk assessments (PRAs) to reflect the new design and to meet the PRA quality and scope requirements and (2) analyses to determine compliance with the risk acceptance criteria and the defense-in-depth criteria.

4. Estimate the number and types of plant design changes (on a per unit basis) that would meet the acceptance criteria for the additional analyses.

5. Estimate the costs of implementing the plant design changes that meet the acceptance criteria for the additional analyses.

6. Estimate any operational costs and/or savings resulting from implementing the above design changes.

7. Estimate any anticipated changes in licensee information collection, reporting, and retention burden that could result if this rulemaking is implemented.

Dated in Rockville, Maryland, this 26th day of July, 2004.

For the Nuclear Regulatory Commission.

Catherine Haney,

Program Director, Policy and Rulemaking Program, Division of Regulatory Improvement Programs, Office of Nuclear Reactor Regulation.

[FR Doc. 04–17477 Filed 7–30–04; 8:45 am]

BILLING CODE 7590–01–P

[1] Requirements for this process are specified in 10 CFR 50.90. They include public notice of all amendment requests in the **Federal Register**, an opportunity for affected persons to request a public hearing, preparation of an environmental analysis, and a detailed NRC technical evaluation to ensure that the facility will continue to provide adequate protection of public health and safety after the amendment is implemented.

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 708a

Conversion of Insured Credit Unions to Mutual Savings Banks

AGENCY: National Credit Union Administration (NCUA).

ACTION: Proposed rule with request for comments.

SUMMARY: NCUA proposes to update its rule regarding conversion of insured credit unions to mutual savings banks. The proposal requires a converting credit union to provide its members with additional disclosures about the conversion before conducting a member vote. The proposal also requires vote be by secret ballot and be conducted by an independent entity. Finally, the proposal requires a federally-insured state credit union to provide NCUA with conversion related information about the law of the state under which the credit union is chartered.

DATES: Comments must be received on or before October 1, 2004.

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/RegulationsOpinionsLaws/proposed_regs/proposed_regs.html.* Follow the instructions for submitting comments.
- E-mail: Address to *regcomments@ncua.gov.* Include ''[Your name] Comments on Proposed Rule 708a, Conversion of Insured Credit Unions to Mutual Savings Banks'' in the e-mail subject line.
- Fax: (703) 518–6319. Use the subject line described above for e-mail.
- Mail: Address to Becky Baker, 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 S. Kressman, Staff Attorney, at

the above address, or telephone: (703) 518–6540.

SUPPLEMENTARY INFORMATION:

A. Background

The Credit Union Membership Access Act (CUMAA) was enacted into law on August 7, 1998. Public Law 105–21. Section 202 of CUMAA amended the provisions of the Federal Credit Union Act concerning conversion of insured credit unions to mutual savings banks. 12 U.S.C. 1785(b). CUMAA required NCUA to promulgate final rules regarding charter conversions that were: (1) Consistent with CUMAA; (2) consistent with the charter conversion rules promulgated by other financial regulators; and (3) no more or less restrictive than rules applicable to charter conversions of other financial institutions. NCUA issued rules in compliance with this mandate. 63 FR 65532 (November 27, 1998); 64 FR 28733 (May 27, 1999).

Since the enactment of CUMAA, NCUA has grown concerned that many credit union members do not appreciate the effect a conversion may have on their ownership interests in the credit union and voting power in the mutual savings bank. In February 2004, NCUA amended part 708a to require a converting credit union to disclose additional information to its members to better educate them regarding the conversion. 69 FR 8548 (February 25, 2004). NCUA solicited public comment as part of that rulemaking. Some commenters suggested that, among other things, NCUA should have imposed more disclosures and requirements on converting credit unions. Many offered specific suggestions. NCUA noted at that time that many of those suggestions deserved further consideration but were beyond the scope of the proposal and would have to be considered in a future rulemaking. This proposal considers some of those suggestions and further addresses NCUA's ongoing concerns about protecting members' interests in the conversion process.

B. Discussion

CUMAA provides that an insured credit union may convert to a mutual savings bank without the prior approval of NCUA, but it also requires NCUA to administer the member vote on conversion and review the methods and procedures by which the vote is taken. This is reflected in NCUA's conversion rule. The rule requires a converting credit union to provide its members with written notice of its intent to convert. 12 CFR § 708a.4. It also specifies that the member notice must adequately describe the purpose and subject matter of the vote on conversion. *Id.* In addition, a converting credit union must notify NCUA of its intent to convert. 12 CFR § 708a.5. The credit union must provide for NCUA's review a copy of its member notice, ballot, and all other written materials it has provided or intends to provide to its members in connection with the conversion. *Id.*

A converting credit union has the option of submitting these materials to NCUA before it distributes them to its members. *Id.* This enables the credit union to obtain NCUA's preliminary determination on the methods and procedures of the member vote based on NCUA's review of the written materials. NCUA believes its review of these materials is a practical and unintrusive way of fulfilling, at least part of, its congressionally mandated responsibility to review the methods and procedures of the vote.

If NCUA disapproves of the methods and procedures of the member vote, after the vote is conducted, then NCUA is authorized to direct a new vote be taken. 12 CFR § 708a.7. NCUA interprets its responsibility to review the methods and procedures of the member vote to include determining that the member notice and other materials sent to the members are accurate and not misleading, all required notices are timely, and the membership vote is conducted in a fair and legal manner.

A charter conversion is a sophisticated transaction with consequences that may not surface for a number of years and that are often not recognizable at the time of conversion to even the most astute members. As a result, members cannot make an informed decision about how the conversion will affect them unless their credit union provides them with this information.

NCUA is aware that credit unions are not providing some important conversion related information effectively to their members. This limits members' ability to make informed decisions about a conversion. NCUA also has become aware that many credit unions may not be equipped to conduct a proper member vote on conversion. Accordingly, as discussed more fully below, NCUA proposes to amend the conversion rule to require a converting credit union to provide additional disclosures to its members. Also, as mentioned in the February 2004 amendments to the conversion rule, NCUA proposes to provide guidelines to help converting credit unions better understand how they can satisfy the regulatory standard that the member vote be conducted in a fair and legal manner. In addition to the guidelines, NCUA also proposes to amend the rule to require the vote be conducted using secret ballots and an independent teller to protect the privacy of each member's vote. Finally, NCUA proposes to require a federally-insured state credit union to provide NCUA with information about how the law of the state under which it is chartered relates to NCUA's conversion rule so that NCUA's review of the methods and procedures of the vote includes ensuring compliance with applicable state law.

C. Disclosures

A converting credit union can provide information to its members regarding any aspect of the conversion in any format it wishes, provided all communications are accurate and not misleading. NCUA only requires certain, minimal information to be provided in the notice to members. Most converting credit unions choose to provide a great deal more information and, while NCUA recognizes this is a way to educate members, NCUA is concerned that members may be overwhelmed by the volume of information and choose to ignore some or all of the information rather than reading through all of it. NCUA does not, however, wish to dissuade converting credit unions from communicating with their members or limit those communications.

To balance these competing interests, NCUA will continue to allow a converting credit union to communicate with its members as it sees fit, but will require that members receive a short, simple disclosure prepared by NCUA. This disclosure addresses: (1) Ownership and control of the credit union; (2) operating expenses and their effect on rates and services; (3) the effect of a subsequent conversion to a stock institution; and (4) the costs of conversion. NCUA believes members need to be particularly aware of these topics. NCUA recognizes these topics might be discussed elsewhere in a credit union's communications with its members, but NCUA is concerned that this information may get buried in the great volume of other information being provided. Accordingly, a converting credit union must include this disclosure in a prominent place with each written communication it sends to its members regarding the conversion and must take specific steps to ensure that the disclosure is conspicuous to the member.

Officials of many converting credit unions indicate in their conversion materials that they are unable to raise capital quickly enough to operate their credit unions as they see fit, which often

includes a desire to pursue rapid growth. These credit unions encourage their members to support the conversion to a mutual savings bank as a way to overcome this capital restraint. They do not, however, inform their members that the conversion process can be expensive and further deplete a credit union's capital. NCUA believes members deserve to know how much of their money will be spent on the conversion effort. Accordingly, as noted, NCUA proposes to require converting credit unions to disclose the costs of conversion as part of the above disclosure requirements. An accurate cost estimate must take into account a host of expenses including printing fees, postage fees, advertising, consulting and professional fees, legal fees, staff time, the cost of holding a special meeting, conducting the vote, and other related expenses.

D. Guidelines for Conducting a Member Vote

A converting credit union must conduct its member vote on conversion in a fair and legal manner. This is not necessarily an easy task given that it often requires staff, resources and expertise beyond that of many credit unions. A vote that does not satisfy this standard denies members their democratic right to decide the fate of their credit union and could result in a charter change without the true support of the members. NCUA proposes guidelines to avoid these kinds of undesirable results. The guidelines address topics such as: (1) Understanding the relationship between federal and state law; (2) determining voter eligibility; (3) conducting the vote and properly tabulating the ballots; (4) third party tellers; and (5) holding a special meeting.

NCUA does not purport these guidelines are an exhaustive checklist that guarantees a fair and legal vote. Rather, the guidelines are suggestions that provide a framework that, if followed, will help a credit union fulfill its regulatory obligations. A converting credit union should use these guidelines in conjunction with its own independent analysis and planning to tailor the member vote to its particular circumstances.

E. Relationship Between State and Federal Law

Although NCUA's conversion rule applies to all conversions of federally-insured credit unions, federally-insured state credit unions may also be subject to state law on conversions. As stated in previous rulemakings, NCUA's position is that a state legislature or state supervisory authority may impose conversion requirements more stringent or restrictive than NCUA's. This position is included in the proposed rule. In fact, NCUA understands over half the states do not specifically permit conversions of credit unions to mutual savings banks. Reflecting NCUA's support of the dual chartering system, NCUA will defer to a state regulator when appropriate on questions involving interpretation of state law.

When state law applies to a conversion, it can change the procedural and substantive requirements a converting credit union must satisfy. NCUA needs to understand how state law affects those requirements to fulfill its responsibility to review the methods and procedures of the member vote. Accordingly, NCUA proposes to require a federally-insured state credit union to notify NCUA if the state law under which it is chartered permits it to convert to a mutual savings bank. The credit union also must inform NCUA if it relies for its authority to convert on a state law parity provision, a provision permitting a state credit union to operate with the same or similar authority as a federal credit union, and if its state regulatory authority agrees that it may rely on the parity provision for that purpose. Finally, if a federally-insured state credit union relies on a state parity provision for authority to convert, NCUA proposes to require it to indicate its state regulatory authority's position as to whether federal law and regulations or state law will control internal governance issues in the conversion such as the requisite membership vote for conversion and the determination of a member's eligibility to vote.

F. Other

NCUA understands that members, including those that are employees of the credit union, may be intimidated by or otherwise uncomfortable with a voting process that does not protect the privacy of their votes. NCUA is concerned this will lead some members to choose not to vote or to vote in a manner inconsistent with their true wishes. Accordingly, NCUA proposes to protect members' privacy by requiring a converting credit union to use a secret ballot and an independent entity to conduct the vote. NCUA is proposing that converting credit unions use third party tellers to conduct the vote meaning that a third party teller will be responsible for sending ballots, receipt and safe keeping of ballots, verification of ballots, and tabulation of the vote. Use of a third party teller heightens not only the integrity of the voting process but the confidence that members, including employees, will have that their votes will remain confidential.

The current conversion rule requires a converting credit union to provide NCUA with copies of all written materials it sends or intends to send to its members in connection with the conversion proposal. NCUA is not changing that requirement but wishes to clarify it applies to all written materials, including electronic communications posted on web sites.

Finally, commenters to previous amendments to the conversion rule have recommended NCUA require converting credit unions provide members a meaningful way to share their opinions on the conversion and to disclose the views and concerns of the credit union's directors and officers who oppose the conversion. NCUA is not inclined to propose a regulatory change based on these suggestions but wishes to receive public comment on if doing so would be practical and valuable to members. NCUA is also open to comments on how this may be accomplished with minimal regulatory burden.

Regulatory Procedures

Regulatory Flexibility Act

The Regulatory Flexibility Act requires NCUA to prepare an analysis to describe any significant economic impact a proposed rule may have on a substantial number of small credit unions, defined as those under ten million dollars in assets. This proposed rule amends the procedures an insured credit union must follow to convert to a mutual savings bank. Twenty-two credit unions have converted since 1995. NCUA anticipates no more than five credit unions per year will convert in the future and it is unlikely that any will have less than ten million dollars in assets. Accordingly, the 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

Part 708a contains information collection requirements. As required by the Paperwork Reduction Act of 1995, (44 U.S.C. 3507(d)), NCUA has submitted a copy of this proposed regulation as part of an information collection package to the Office of Management and Budget (OMB) for its review and approval of a revision to Collection of Information, Conversion of Insured Credit Unions to Mutual Savings Banks, Control Number 3133–0153.

The proposed part 708a ensures that a credit union member receives sufficient information to enable him or her to make an informed decision regarding a vote on conversion to mutual savings bank and promotes the likelihood that the vote will be conducted in a fair and legal manner. The proposal also provides NCUA with sufficient information to fulfill its statutory obligation to administer the member vote on conversion.

NCUA previously estimated that ten insured credit unions would convert to mutual savings banks each year and the annual burden on each to comply with the requirements of part 708a would be an average of 15 to 20 hours. Accordingly, NCUA estimated the total annual collection burden would be no more than 200 hours. NCUA estimates the proposal will increase the average annual burden per converting credit union to between 20 and 23 hours but estimates the number of converting credit unions will decrease to no more than five per year. As a result, NCUA estimates the total annual collection burden will decrease to no more than 115 hours.

Organizations and individuals that wish to submit comments on this information collection requirement should direct them to the Office of Information and Regulatory Affairs, OMB, Attn: Mark Menchik, Room 10226, New Executive Office Building, Washington, DC 20503.

The NCUA considers comments by the public on this proposed collection of information in—

—Evaluating whether the proposed collection of information is necessary for the proper performance of the functions of the NCUA, including whether the information will have a practical use;

—Evaluating the accuracy of the NCUA's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

—Enhancing the quality, usefulness, and clarity of the information to be collected; and

—Minimizing the burden of collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology; *e.g.*, permitting electronic submission of responses.

The Paperwork Reduction Act requires OMB to make a decision concerning the collection of information contained in the proposed regulation between 30 and 60 days after publication of this document in the **Federal Register**. Therefore, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment to the NCUA on the proposed regulation.

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 proposed 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 proposed 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 proposed rule would not affect family well-being within the meaning of section 654 of the Treasury and General Government Appropriations Act, 1999, Pub. L. 105–277, 112 Stat. 2681 (1998).

Agency Regulatory Goal

NCUA's goal is to promulgate clear and understandable regulations that impose minimal regulatory burden. We request your comments on whether the proposed rule is understandable and minimally intrusive.

List of Subjects in 12 CFR part 708a

Charter conversions, Credit unions.

By the National Credit Union Administration Board on July 22, 2004.

Becky Baker,

Secretary of the Board.

For the reasons stated above, NCUA proposes to amend 12 CFR part 708a as follows:

PART 708a—CONVERSION OF INSURED CREDIT UNIONS TO MUTUAL SAVINGS BANKS

1. The authority citation for part 708a continues to read as follows:

Authority: 12 U.S.C. 1766, 12 U.S.C. 1785(b).

2. Section 708a.4 is amended by adding a sentence at the end of paragraph (a) and adding paragraph (e) to read as follows:

§ 708a.4 Voting procedures.

(a) * * * The vote on the conversion proposal must be by secret ballot and conducted by an independent entity. The independent entity must be a company with experience in conducting corporate elections. No official or senior manager of the credit union, or the immediate family members of any official or senior manager, may have any ownership interest in, or be employed by, the entity.

* * * * *

(e) A converting credit union must include the following disclosures with each written communication it sends to its members regarding the conversion. The disclosures must be offset from the other text by use of a border and at least one font size larger than any other text (exclusive of headings) used in the communication. Certain portions of the disclosures must be capitalized and bolded, as follows:

The National Credit Union Administration, the federal government agency that supervises credit unions, requires [insert name of credit union] to provide the following disclosures.

1. **OWNERSHIP AND CONTROL.** In a credit union, every member has an equal vote in the election of directors and other matters concerning ownership and control. In a mutual savings bank, **ACCOUNT HOLDERS WITH LARGER BALANCES USUALLY HAVE MORE VOTES AND, THUS, GREATER CONTROL.**

2. **EXPENSES AND THEIR EFFECT ON RATES AND SERVICES.** Credit union directors and committee members serve on a volunteer basis. Directors of a mutual savings bank are compensated. Credit unions are exempt from federal tax and most state taxes. Mutual savings banks pay taxes, including federal income tax. If [insert name of credit union] converts to a mutual savings bank, these **ADDITIONAL EXPENSES MAY CONTRIBUTE TO LOWER SAVINGS RATES, HIGHER LOAN RATES, OR ADDITIONAL FEES FOR SERVICES.**

3. **SUBSEQUENT CONVERSION TO STOCK INSTITUTION.** Conversion to a mutual savings bank is often the first step in a two-step process to convert to a stock-issuing bank or holding company. In a typical conversion to the stock form of ownership, the **EXECUTIVES OF THE INSTITUTION PROFIT BY OBTAINING STOCK FAR IN EXCESS OF THAT AVAILABLE TO THE INSTITUTION'S MEMBERS.**

4. **COSTS OF CONVERSION.** The costs of converting a credit union to a mutual savings bank are paid from the credit union's current and accumulated earnings. Because accumulated earnings are capital and represent members' ownership interests in a credit union, the conversion costs reduce members' ownership interests. As of [insert date], [insert name of credit union] estimates **THE CONVERSION WILL COST [INSERT DOLLAR AMOUNT] IN TOTAL.** That total amount is further broken down as follows: [itemize the costs of all expenses related to the conversion including printing fees, postage fees, advertising, consulting and professional fees, legal fees, staff time, the cost of holding a special meeting, conducting the vote, and any other expenses incurred].

3. Section 708a.5 is amended by redesignating paragraph (b) as paragraph (b)(1), adding a sentence at the end of paragraph (b)(1), and adding paragraph (b)(2) to read as follows:

§ 708a.5 Notice to NCUA.

* * * * *

(b)(1) * * * The term ''written materials'' includes written documentation or information of any sort, including electronic communications posted on a web site.

(b)(2) A federally-insured state chartered credit union must include in its notice to NCUA a statement as to whether the state law under which it is chartered permits it to convert to a mutual savings bank and include a legal citation to the state law providing this authority. A federally-insured state chartered credit union will remain subject to any state law requirements for conversion that are more stringent than those this chapter imposes, including any internal governance requirements, such as the requisite membership vote for conversion and the determination of a member's eligibility to vote. If a federally-insured state chartered credit union relies for its authority to convert to a mutual savings bank on a state law parity provision, meaning a provision in state law permitting a state chartered credit union to operate with the same or similar authority as a federal credit union, it must include in its notice a statement that its state regulatory authority agrees that it may rely on the state law parity provision as authority to convert. If a federally-insured state chartered credit union relies on a state law parity provision for authority to convert, it must indicate its state regulatory authority's position as to whether federal law and regulations or state law will control internal governance issues in the conversion such as the requisite membership vote for conversion and the determination of a member's eligibility to vote.

* * * * *

4. Add section 708a.11 to read as follows:

§ 708a.11 Voting Guidelines.

A converting credit union must conduct its member vote on conversion in a fair and legal manner. These guidelines are not an exhaustive checklist that guarantees a fair and legal vote but are suggestions that provide a framework to help a credit union fulfill its regulatory obligations.

1. *Understanding the relationship between federal and state law.*

While NCUA's conversion rule applies to all conversions of federally-insured credit unions, federally-insured state chartered credit unions (FISCUs) are also subject to state law on conversions. NCUA's position is that a state legislature or state supervisory authority may impose conversion requirements more stringent or restrictive than NCUA's. States that permit this kind of conversion could have substantive and procedural requirements that vary from federal law. For example, there could be different voting standards for approving a vote. While NCUA's rule requires a simple majority of those who vote to approve a conversion, some states have higher voting standards requiring two-thirds or more of those who vote. A FISCU should be careful to understand both federal and state law to navigate the conversion process and conduct a proper vote.

2. *Determining voter eligibility.*

Determining who is eligible to cast a ballot is fundamental to any vote. No conversion vote can be fair and legal if some members are improperly excluded. A converting credit union should be cautious to identify all eligible members and make certain they are included on its voting list. NCUA recommends that a converting credit union establish internal procedures to manage this task.

A converting credit union should be careful to make certain its member list is accurate and complete. For example, when a credit union converts from paper record keeping to computer record keeping, some members' names may not transfer unless the credit union is careful in this regard. This same problem can arise when a credit union converts from one computer system to another where the software is not completely compatible.

Problems with keeping track of who is eligible to vote can also arise when a credit union converts from a federal charter to a state charter or vice versa. NCUA is aware of an instance where a federal credit union used membership materials that allowed two or more individuals to open a joint account and also allowed each to become a member. The federal credit union later converted to a state chartered credit union that, like most other state chartered credit unions in its state, used membership materials that allowed two or more individuals to open a joint account but only allowed the first person listed on the account to become a member. The other individuals did not become members as a result of their joint account. To become members, those individuals were required to open another account where they were the first or only person listed on the account. Over time, some individuals who became members of the federal credit union as the second person listed on a joint account were treated like those individuals who were listed as the second person on a joint account opened directly with the state chartered credit union. Specifically, both of those groups were treated as non-members not entitled to vote. This example makes the point that a credit union must be diligent in maintaining a reliable membership list.

3. *Holding a special meeting.*

NCUA's conversion rule requires a converting credit union to permit members to vote by written mail ballot or in person at a special meeting held for the purpose of voting on the conversion. Although most members may choose to vote by mail, a significant number may choose to vote in person. As a result, a converting credit union should be careful to conduct its special meeting in a manner conducive to accommodating all members that wish to attend. That includes selecting a meeting location that can accommodate

the anticipated number of attendees and is conveniently located. The meeting should also be held on a day and time suitable to most members' schedules. A credit union should conduct its meeting in accordance with applicable federal and state law, its bylaws and Robert's Rules of Order and determine before the meeting the nature and scope of any discussion to be permitted.

[FR Doc. 04–17463 Filed 7–30–04; 8:45 am]
BILLING CODE 7535–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA 2004–17738; Airspace Docket No. 04–AWP–5]

Proposed Establishment of Class D Airspace; Riverside March Field, CA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: This notice proposes to establish Class D airspace at Riverside March Field, CA. March Field currently has Class C airspace that is effective only when the March Ground Control Approach (GCA) is open, usually 2300 local to 0700 local. The March Airport Traffic Control Tower (ATCT) is open continuously. Class D airspace is necessary when the ATCT is open, and the GCA is closed, to contain and protect Standard Instrument Approach Procedures (SIAPs) and other Instrument Flight Rules (IFR) operations at the airport. This action would establish Class D airspace extending upward from the surface to and including 4,000 feet Mean Sea Level (MSL) within a 5-mile radius of the airport.

DATES: Comments must be received on or before September 1, 2004.

ADDRESSES: Send comments on this proposal to the Docket Management System, U.S. Department of Transportation, Room Plaza 401, 400 Seventh Street, SW., Washington, DC 20590–0001. You must identify the docket number FAA–2004–17738/ Airspace Docket No. 04–AWP–5, at the beginning of your comments. You may also submit comments on the Internet at *http://dms.dot.gov.* You may review the public docket containing the proposal, any comments received, and any final disposition in person in the Dockets Office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket office (telephone 1–800–647–5527) is on the plaza level of the Department of Transportation NASSIF Building at the above address. An informal docket may also be examined during normal business hours at the office of the Regional Air Traffic Division, Federal Aviation Administration, Room 2010, 15000 Aviation Boulevard, Lawndale, California 90261.

FOR FURTHER INFORMATION CONTACT: Debra Trindle, Airspace Specialist, Airspace Branch, Air Traffic Division, Federal Aviation Administration, 15000 Aviation Boulevard, Lawndale, California; telephone (310) 725–6613.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify both docket numbers and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket No. FAA–2004–17738/Airspace Docket No. 04–AWP–5.'' The postcard will be date/time stamped and returned to the commenter. All communications received before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of the comments received. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRMs

An electronic copy of this document may be downloaded through the Internet at *http://dms.dot.gov.* Recently published rulemaking documents can also be accessed through the FAA's Web page at *http://www.faa.gov* or the Superintendent of Document's Web page at *http://www.access.gpo.gov/nara.* Additionally, any person may obtain a copy of this notice by submitting a request to the Federal Aviation Administration, Office of Air Traffic Airspace Management, ATA–400, 800 Independence Avenue, SW., Washington, DC 20591, or by calling (202) 267–8783. Communications must identify both docket numbers for this notice. Persons interested in being placed on a mailing list for future NPRM's should contact the FAA's Office of Rulemaking, (202) 267–9677, to request a copy of Advisory Circular No. 11–2A, Notice of Proposed Rulemaking Distribution System, which describes the application procedure.

The Proposal

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) to establish Class D airspace at Riverside March Field, CA. Class D airspace designations for airspace areas extending upward from the surface of the earth are published in Paragraph 5000 of AAA Order 7400.9L, dated September 2, 2003, and effective September 16, 2003, which is incorporated by reference in 14 CFR 71.1. The Class D airspace designations listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR Part 71 as follows: