

**PART 319—DEFINITIONS AND STANDARDS OF IDENTITY OR COMPOSITION**

3. The authority citation for part 319 continues to read as follows:

**Authority:** 7 U.S.C. 450, 1901–1906; 21 U.S.C. 601–695; 7 CFR 2.17, 2.55.

4. Section 319.15 is amended by revising paragraph (d) to read as follows:

**§ 319.15 Miscellaneous beef products.**

(d) *Fabricated steak.* Fabricated beef steaks, veal steaks, beef and veal steaks, or veal and beef steaks, and similar products, such as those labeled “Beef Steak, Chopped, Shaped, Frozen,” “Minute Steak, Formed, Wafer Sliced, Frozen,” “Veal Steaks, Beef Added, Chopped—Molded—Cubed—Frozen, Hydrolyzed Plant Protein, and Flavoring” shall be prepared by comminuting and forming the product from fresh and/or frozen meat, with or without added fat, of the species indicated on the label. Such products shall not contain more than 30 percent fat and shall not contain added water or extenders. Transglutaminase enzyme at levels of up to 65 ppm may be used as a binder. Beef cheek meat (trimmed beef cheeks) may be used in the preparation of fabricated beef steaks only in accordance with the conditions prescribed in paragraph (a) of this section.

5. Section 319.81 is amended by adding the following new sentence after the phrase “shall not exceed 70 percent of the fresh beef weight”:

“Transglutaminase enzyme at levels of up to 65 ppm may be used as a binder in such product.”

6. Section 319.104 is amended by revising paragraph (d) to read as follows:

**§ 319.104 Cured pork products.**

(d) The binders provided for use in cured pork products in a regulation in this subchapter, in 9 CFR Chapter III, Subchapter E, or in 21 CFR Chapter I, Subchapter A or Subchapter B, may be used singly in those cured pork products labeled as “Ham Water Added,” “Ham and Water Product-X% of Weight is Added Ingredients,” and “Ham with Natural Juices.” In addition to the binders referred to in the preceding sentence, the following substances are permitted for use as binders and may be used singly in those cured pork products labeled as “Ham Water Added,” “Ham and Water

Product-X% of Weight is Added Ingredients,” and “Ham with Natural Juices”: pork collagen at up to 3.5% of the product formulation. Unless their use is provided for in a regulation in this subchapter, in 9 CFR Chapter III, Subchapter E, or in 21 CFR Chapter I, Subchapter A or Subchapter B, or in this paragraph, these binders are not permitted to be used in combination with another such binder listed for use in cured pork products. When any such substance is added to these products, the substance shall be declared in the ingredients statement by its common or usual name in order of predominance.

7. Section 319.140 is amended by adding the following new sentence after the phrase “may contain binders and extenders as provided in a regulation permitting that use in this subchapter or in 9 CFR Chapter III, Subchapter E, or in 21 CFR Chapter I, Subchapter A or Subchapter B”:

“In addition to the binders and extenders referred to in the preceding sentence, the following two substances may also be used as binders in those sausages in which the use of such class of substances is permitted: pork collagen at up to 3.5% of the product formulation and transglutaminase enzyme at up to 65 ppm of the product formulation.”

8. Section 319.143 is amended by removing the phrase “§ 318.7(c)(4) of this subchapter”, and adding “§ 319.140 of this part” in its place.

9. Section 319.180 is amended by revising paragraph (e) to read as follows

**§ 319.180 Frankfurter, frank, furter, hotdog, weiner, vienna, bologna, garlic bologna, knockwurst, and similar products.**

(e) Binders and extenders as provided in § 319.140 of this part may be used in cooked sausage that otherwise comply with paragraph (a) or (b) of this section. When any such substance is added to these products, the substance shall be declared in the ingredients statement by its common or usual name in order of predominance.

**PART 381—POULTRY PRODUCTS INSPECTION REGULATIONS**

10. The authority citation for part 381 continues to read as follows:

**Authority:** 7 U.S.C. 138f, 450; 21 U.S.C. 451–470; 7 CFR 2.18, 2.53.

11. Section 381.129 is amended by adding a new paragraph (e) to read as follows:

**§ 381.129 False or misleading labeling or containers.**

(e) When transglutaminase enzyme is used to bind pieces of poultry to form a cut of poultry, or to reform a piece of poultry from a multiple cuts of poultry, there shall appear on the label, as part of the product name, a statement that indicates that the product has been “formed” or “reformed,” in addition to other preparation steps, e.g., “Formed Turkey Thigh Roast” or “Reformed and Shaped Chicken Breast.”

12. Section 381.159 is amended by revising paragraph (a) to read as follows:

**§ 381.159 Poultry rolls.**

(a) Binders or extenders may be added in accordance with a regulation in this subchapter, in 9 CFR Chapter III, Subchapter E, or in 21 CFR Chapter I, Subchapter A or Subchapter B. In addition to the binders referred to in the preceding sentence, the following substances are permitted for use as binders in poultry rolls: transglutaminase enzyme at up to 65 ppm. When binding agents are added in excess of 3 percent for cooked rolls and 2 percent for raw rolls, the common name of the agent or the term “Binders Added” shall be included in the name of the product; e.g., “Turkey Roll-Gelatin Added.”

Done at Washington, DC, on: October 25, 2001.

**Thomas J. Billy,**  
Administrator.

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**FEDERAL HOUSING FINANCE BOARD****12 CFR Part 918**

[No. 2001–25]

RIN 3069–AB05

**Maintenance of Effort—Minimum Number of Annual Bank Board of Directors Meetings**

**AGENCY:** Federal Housing Finance Board.

**ACTION:** Final rule.

**SUMMARY:** The Federal Housing Finance Board (Finance Board) is adopting as final, without change, the interim final rule that amended the maintenance of effort provision of its regulations to eliminate the three-year averaging requirement and to reduce the required minimum number of in-person board of directors meetings that a Federal Home

Loan Bank (Bank) must hold annually to six meetings.

**DATES:** This final rule shall become effective on November 30, 2001.

**FOR FURTHER INFORMATION CONTACT:** Scott L. Smith, Acting Director, at (202) 408-2991, Patricia L. Sweeney, Program Analyst, at (202) 408-2872, Office of Policy, Research, and Analysis; or Sharon B. Like, Senior Attorney-Advisor, at (202) 408-2930, or Thomas Hearn, Senior Attorney-Advisor, at (202) 408-2976, Office of the General Counsel; or by regular mail at the Federal Housing Finance Board, 1777 F Street, NW., Washington, DC 20006. A telecommunications device for deaf persons (TDD) is available at (202) 408-2579.

**SUPPLEMENTARY INFORMATION:**

**I. Statutory and Regulatory Background**

On December 21, 1999, the Finance Board published an interim final rule implementing the specific limits on annual compensation for the Chairperson, Vice Chairperson, and other members of a Bank's board of directors imposed by section 7(i) of the Federal Home Loan Bank Act, as amended by the Gramm-Leach-Bliley Act (GLB Act) (section 606(b)), Pub. L. No. 106-102, 113 Stat. 1338 (November 12, 1999). *See* 64 FR 71275 (December 21, 1999). The interim final rule required each Bank's board of directors, notwithstanding the compensation limits, to continue to maintain its level of oversight of the management of the Bank (maintenance of effort standard). Consistent with this maintenance of effort standard, the interim final rule required that each Bank's board of directors hold no fewer in-person meetings in any year than it held on average over the immediately preceding three years (three-year averaging requirement).

The Finance Board finalized the interim final rule on March 14, 2000. *See* 65 FR 13663 (March 14, 2000). The final rule revised the minimum meetings requirement in § 918.7(a) to the lesser of: (1) Nine; or (2) the three-year averaging requirement. *See id.* This change was made in order to avoid the vagaries of timing of the pure averaging requirement and reflect the operational reality at the Banks regarding the average number of meetings held over the preceding three years. In addition, § 918.7(b) of the final rule clarified that a Bank could apply to the Finance Board for a waiver of the minimum meetings requirement pursuant to the procedures of 12 CFR part 907. *See id.*

Based on subsequent experience with the minimum meetings requirement, on

May 14, 2001, the Finance Board published a second interim final rule that further amended the maintenance of effort provision to eliminate the three-year averaging requirement and to reduce the required minimum number of in-person board of directors meetings that a Bank must hold annually to six meetings. *See* 66 FR 24263 (May 14, 2001). The May 2001 interim final rule also removed the waiver provision of § 918.7(b), because the ability to request a waiver of Finance Board regulatory provisions is already provided for in 12 CFR part 907. *See id.*

As discussed in the **SUPPLEMENTARY INFORMATION** section of the May 2001 interim final rule, these changes were made based on arguments by the Banks that they would be able to conduct their business more efficiently and effectively by holding only six annual in-person board meetings. The Banks indicated that they would be able to continue to maintain their level of oversight over the management of the Banks by conducting more business at fewer, but longer, board meetings, and/or placing greater reliance on board committees for the conduct of certain board business. The Banks noted that the three-year averaging requirement created a standard that varied among the Banks, with, for example, one Bank, based on the standard, already holding only six in-person board meetings annually.

The Finance Board also determined, based on a survey of the number of board of directors meetings held in 1999 by a number of financial institution holding companies and housing Government-Sponsored Enterprises (GSEs), that requiring at least six in-person Bank board of directors meetings in any year is within the range of the number of annual board meetings held by such holding companies and GSEs. Further, providing the boards of the Banks with greater discretion in determining the number of board meetings to hold annually is consistent with the GLB Act's emphasis on devolving governance issues to the Banks.

The May 2001 interim final rule provided for a 30-day comment period, which closed on June 13, 2001. The Finance Board received comment letters from two Banks, which are discussed below.

**II. Analysis of Final Rule**

The final rule adopts § 918.7 of the May 2001 interim final rule without change. Section 918.7 states:

Notwithstanding the limits on annual directors' compensation established by section 7(i) of the [Bank] Act, as amended, the board of directors of each Bank shall

continue to maintain its level of oversight of the management of the Bank. In maintaining its level of oversight, the board of directors of a Bank shall hold at least six in-person meetings in any year.

**12 CFR 918.7.**

One commenter interpreted the changes to the maintenance of effort requirement as a conclusion by the Finance Board that six in-person board meetings each year will fully enable the directors of a Bank to fulfill their fiduciary duties to the Bank's members. This comment misinterprets the maintenance of effort requirement. Section 918.7 requires that, in maintaining its level of oversight of the management of the Bank, the Bank shall hold *at least* six in-person board meetings in any year. As the **SUPPLEMENTARY INFORMATION** section of the May 2001 interim final rule explains, if a Bank's board intends to hold fewer annual in-person board meetings than it has held in past years, it would be in the board's best interest to document how it will continue to meet the maintenance of effort standard and its fiduciary duties regarding the Bank's safety and soundness. If the Bank cannot continue to maintain its level of oversight over Bank management with six board meetings in a given year, then it would need to hold more board meetings per year. *See* 66 FR at 24264.

The other commenter contended that the Finance Board should only be concerned that a Bank's board of directors has established sound governing processes, and should not pre-determine what governance practices are absolutely required for all Banks in all circumstances. As discussed in the **SUPPLEMENTARY INFORMATION** section of the March 2000 final rule, the minimum meetings requirement was adopted for safety and soundness reasons. While the Finance Board acknowledges that decisions on the number of Bank board meetings generally should be within the purview of the corporate governance responsibilities of the Banks' boards, the Finance Board believes that its safety and soundness concerns with respect to the Bank boards' level of oversight of Bank management warrant a regulatory response. Accordingly, the Finance Board is retaining the minimum meetings requirement in the final rule.

**III. Regulatory Flexibility Act**

Because no notice of proposed rulemaking is required for this final rule, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, do not apply. Moreover, the final rule applies only to the Banks, which do not come within the meaning of "small

entities” as defined in the Regulatory Flexibility Act. *See id.* section 601(6).

#### IV. Paperwork Reduction Act

This final rule does not contain any collections of information pursuant to the Paperwork Reduction Act of 1995. *See* 44 U.S.C. 3501 *et seq.* Therefore, the Finance Board has not submitted any information to the Office of Management and Budget for review.

Accordingly, the interim final rule amending 12 CFR part 918, published at 66 FR 24263 (May 14, 2001), is adopted by the Federal Housing Finance Board as final without change.

Dated: October 24, 2001.

By the Board of Directors of the Federal Housing Finance Board.

J. Timothy O'Neill,  
Chairman.

[FR Doc. 01-27389 Filed 10-30-01; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. 2001-NM-310-AD; Amendment 39-12474; AD 2001-21-51]

RIN 2120-AA64

#### Airworthiness Directives; Boeing Model 737-600, -700, and -800 Series Airplanes

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule; request for comments.

**SUMMARY:** This document publishes in the **Federal Register** an amendment adopting airworthiness directive (AD) 2001-21-51 that was sent previously to all known U.S. owners and operators of certain Boeing Model 737-600, -700, and -800 series airplanes by individual notices. This AD requires a detailed visual inspection for damage of the aft pressure bulkhead at body station (BS) 1016 and the forward attachment of the vertical fin at body section 48, and corrective action, if necessary. This action is prompted by a report of damage to the web of the aft pressure bulkhead at BS 1016. The actions specified by this AD are intended to find and fix damage of the aft pressure bulkhead at BS 1016 and the forward attachment of the vertical fin at body section 48, which could result in structural failure of the aft pressure bulkhead and consequent uncontrolled decompression, or loss of structural integrity of the forward support of the

vertical fin, loss of the vertical fin, and consequent loss of control of the airplane.

**DATES:** Effective November 5, 2001, to all persons except those persons to whom it was made immediately effective by emergency AD 2001-21-51, issued October 12, 2001, which contained the requirements of this amendment.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of November 5, 2001.

Comments for inclusion in the Rules Docket must be received on or before December 31, 2001.

**ADDRESSES:** Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM-114, Attention: Rules Docket No. 2001-NM-310-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays. Comments may be submitted via fax to (425) 227-1232. Comments may also be sent via the Internet using the following address: 9-anm-iarcomment@faa.gov. Comments sent via fax or the Internet must contain “Docket No. 2001-NM-310-AD” in the subject line and need not be submitted in triplicate. Comments sent via the Internet as attached electronic files must be formatted in Microsoft Word 97 for Windows or ASCII text.

The applicable service information may be obtained from Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124-2207. This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Scott Fung, Aerospace Engineer, Airframe Branch, ANM-120S, FAA, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington; telephone (425) 227-1221; fax (425) 227-1181.

**SUPPLEMENTARY INFORMATION:** On October 12, 2001, the FAA issued emergency AD 2001-21-51, which is applicable to certain Boeing Model 737-600, -700, and -800 series airplanes.

The FAA recently received a report indicating that an operator found damage to the web of the aft pressure bulkhead at body station (BS) 1016 on a Boeing Model 737-700 series airplane. One section of the web had two large

dents that crossed a radial tearstrap and a crease common to one edge. During replacement of the damaged web sections of the bulkhead, additional damage to the vertical shear beam web and to the skin adjacent to the attachment fittings of the vertical fin at BS 1016 was found. The vertical shear beam webs are integral to the attachment fittings that attach the vertical fin to the fuselage. A shimmy event of the main landing gear (MLG) on that airplane also was reported, and was so severe that it damaged the MLG and resulted in replacement of the right MLG.

Subsequent to the first report, three other operators reported similar damage to the aft pressure bulkhead on other Boeing Model 737-700 series airplanes, following severe shimmy events which resulted in damage to the MLG. A 0.65-inch crack in the aft pressure bulkhead also was found on one of the damaged airplanes. Shimmy events are a possible cause of the aft pressure bulkhead damage; however, the actual cause is undetermined. Hard landings and tail strikes are other possible causes. Such damage, if not fixed, could result in structural failure of the aft pressure bulkhead and consequent uncontrolled decompression, or loss of structural integrity of the forward support of the vertical fin, loss of the vertical fin, and consequent loss of control of the airplane.

Boeing Model 737-600 and -800 series airplanes have identical structure in the subject area and may also be subject to the same unsafe condition described above.

#### Explanation of Relevant Service Information

The FAA has reviewed and approved Boeing Telegraphic Alert Service Bulletin, 737-53A1238, dated October 11, 2001, which describes procedures for a detailed visual inspection for damage of the aft pressure bulkhead at body station (BS) 1016 and the forward attachment of the vertical fin at body section 48. For airplanes on which damage is found, the service bulletin describes procedures for doing an additional detailed visual inspection of the vertical beam web installation. The service bulletin also specifies contacting Boeing for repair of any damage found, and reporting inspection results to Boeing.

#### Explanation of Requirements of the Rule

Since the unsafe condition described is likely to exist or develop on other airplanes of the same type design, the FAA issued emergency AD 2001-21-51