the overcollection (or undercollection) of assessments. If an institution were to overpay its assessment, the FDIC would return to the institution every bit of the benefit that the FDIC had received from the overpayment. Conversely, if an institution were to underpay its assessment, it would be obliged to restore to its fund the economic value of the interest the fund would otherwise have earned, and the fund would be made whole.

The FDIC has chosen to propose the new rate, rather than the "composite yield at market" rate, for two reasons. First, the new rate is based on a published rate, not on proprietary information, and accordingly is easier for people in the private sector to determine. Second, the new rate is intended to approximate the market value of the funds—that is, the interest that an institution earned or could have earned by investing the funds—rather than the vagaries of the investment portfolios of the BIF and the SAIF.

## I. Effective Date

# 1. The Payment Schedule

The FDIC proposes to make the revisions to the payment schedule effective upon adoption by the Board of Directors. The FDIC considers that the new payment schedule would "relieve a restriction" within the meaning of 5 U.S.C. 553(d)(1), because it would delay the date on which the FDIC would regularly collect the first payments, and would thereby allow institutions to retain their funds for an extra interval. More to the point, the FDIC believes that there would be "good cause" to make this aspect of the final rule effective upon adoption because institutions should have as much time as possible to adjust to the new collection schedule and to decide whether to take advantage of the election option provided by the rule. Accordingly, the FDIC proposes to make the revisions to the payment schedule effective at once, rather than delay the effective date for 30 days, see 5 U.S.C. 553(d), or wait until the first day of the following calendar quarter, see 12 U.S.C. 4802(b).

# 2. Interest on Underpaid and Overpaid Assessments

The FDIC proposes to make the revision of the interest rate effective 30 days after publication of the final rule in the **Federal Register**. Ordinarily, the proposed effective date of the final rule would be October 1, 1995, the first day of the calendar quarter that begins on or after the expected date of publication of the final rule. *Id.* But the Administrative Procedure Act requires a 30-day waiting

period between the publication of a final rule and its effective date. 5 U.S.C. 553(d). Accordingly, the proposed effective date of the final rule must be deferred to the end of the waiting period. *See* 12 U.S.C. 4802(b)(1)(C).

#### J. Paperwork Reduction Act

The proposed rule provides that, if institutions wish to elect the option of prepaying their first payments, they must file a written certification to that effect with the FDIC in advance, and do so on a form provided by the FDIC. Institutions would certify that they intended to take advantage of the prepayment procedure, and also report whether they wished to prepay the amount due for the first payment or double that amount.

By requiring institutions to provide information regarding the amount to be prepaid, the FDIC is engaging in a new 'collection of information." The collection has been submitted to the Office of Management and Budget for review and approval pursuant to the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.). Comments regarding the accuracy of the burden estimate, and suggestions for reducing the burden, should be addressed to the Office of Management and Budget, Paperwork Reduction Project (3064– 0057), Washington, D.C. 20503, with copies of such comments sent to Steven F. Hanft, Assistant Executive Secretary (Administration), Federal Deposit Insurance Corporation, Room F-400, 550 17th St., N.W., Washington, D.C. 20429.

Institutions that wish to terminate the election must so certify to the FDIC in writing in advance, using a form provided by the FDIC. Certifications of this kind do not constitute "information" within the meaning of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.), however, as they merely identify the institutions.

The FDIC estimates that approximately 500 institutions are likely to elect the prepayment option in 1995, the initial year that it is offered. Thereafter, the same number of institutions are likely to elect the prepayment option and/or terminate the election.

The estimated annual reporting burden for the collection of information requirement in this proposed rule is summarized as follows:

Approximate Number of Respondents: 500. Number of Responses per Respondent: 1. Total Approximate Annual Responses: 500. Average Time per Response: 15 minutes. Total Average Annual Burden Hours: 125.

## K. Regulatory Flexibility Act

The Board hereby certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act (5 U.S.C. 601 et seq.) The proposal would mitigate a cost incurred by certain smaller entities—namely, cash-basis depository institutions—that arises from the one-time shift from the semiannual assessment process to the new quarterly assessment schedule. The proposal further confers a benefit on all institutions (including smaller institutions) by allowing them to earn interest on their funds for an additional interval.

To the extent that an institution might incur a cost in connection with preparing and submitting the paperwork necessary to make the election, the FDIC believes that the cost would be minimal, and would be far outweighed by the resulting benefit. In any case, each institution's decision to make the election would be purely voluntary: the proposed rule would not compel an institution to accept any cost of this kind.

## L. Request for Comment

The FDIC requests comments on all aspects of the proposal. In particular, the FDIC asks for comment on the following matters: the extent to which institutions expect to avail themselves of the prepayment option; the amounts they regularly expect to prepay; the magnitude of the burden that would be imposed by the FDIC's proposed procedures for electing the prepayment option; whether it would be more appropriate to require institutions to reelect the pre-payment option each year; the likelihood that prepaying institutions will seek to revert to the regular collection schedule; the advisability of replacing the TFRM rate with the new rate, and the appropriateness of the new rate; and the relative desirability of the status quo and of the alternative proposal.

The FDIC's Board of Directors has determined that it is appropriate to receive comments for a period of 30 days rather than 60 days. The Board considers that the shorter comment period is necessary in order to implement the proposal within the available time-frame.

# List of Subjects in 12 CFR Part 327

Bank deposit insurance, Banks, banking, Freedom of information, Reporting and recordkeeping requirements, Savings associations.

For the reasons stated in the preamble, the Board of Directors of the