

**CODIFICATION GUIDE**

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such.

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Canal Zone Port Security Card, and the form of such credential, and the conditions and the manner of its issuance shall be as prescribed by the Governor. The Governor shall not issue a Canal Zone Port Security Card if he is satisfied that the character and habits of life of the applicant therefor are such as to authorize the belief that the presence of such individual on board a vessel or within a waterfront facility would be inimical to the security of the United States. The Governor shall revoke and require the surrender of a Canal Zone Port Security Card when he is no longer satisfied that the holder is entitled thereto. The Governor may recognize for the same purpose such other credentials as he may

designate in lieu of the Canal Zone Port Security Card.

§ 19.24 *Appeals.* Persons who are refused employment or who are refused the issuance of documents or who are required to surrender such documents, under this part, shall have the right of appeal, and the Governor shall appoint a Board for acting on such appeals. Such Board shall, so far as practicable, include one member drawn from management, and one member drawn from labor. The Board shall consider each appeal brought before it and, in recommending final action to the Governor, shall insure the appellant all fairness consistent with the safeguarding of the national security.

**SUPERVISION AND CONTROL OF EXPLOSIVES OR OTHER DANGEROUS CARGO**

§ 19.26 *General supervision and control.* The Governor may supervise and control the transportation, handling, loading, discharging, stowage, or storage of explosives, inflammable or combustible liquids in bulk, or other dangerous articles or cargo covered by the regulation entitled "Regulations for the Transportation of Hazardous Cargoes in Canal Zone Waters" (35 CFR 4.106-4.127).

§ 19.28 *Approval of facility for dangerous cargo.* The Governor may designate waterfront facilities for the handling and storage of, and for vessel loading and discharging, explosives, inflammable or combustible liquids in bulk, or other dangerous articles or cargo covered by the regulations referred to in § 19.26, and may require the owners, operators, masters, and others concerned to secure permits for handling, storage, loading, and unloading from the Governor, conditioned upon the fulfillment of such requirements for the safeguarding of such waterfront facilities and vessels as the Governor may prescribe.

**SABOTAGE AND SUBVERSIVE ACTIVITY**

§ 19.32 *Reporting of sabotage and subversive activity.* Evidence of sabotage or subversive activity involving or endangering any vessel, harbor, port, or waterfront facility shall be reported immediately to the Governor or his representatives.

§ 19.34 *Precautions against sabotage.* The master, owner, agent, or operator of a vessel or waterfront facility shall take all necessary precautions to protect the vessel, waterfront facility, and cargo from sabotage.

**PENALTIES**

§ 19.36 *Violations.* Section 2, Title II of the act of June 15, 1917, as amended, 50 U. S. C. 192, provides as follows:

If any owner, agent, master, officer, or person in charge, or any member of the crew of any such vessel fails to comply with any regulation or rule issued or order given under the provisions of this title, or obstructs or interferes with the exercise of any power conferred by this title, the vessel, together with her tackle, apparel, furniture, and equipment, shall be subject to seizure and forfeiture to the United States in the same manner as

merchandise is forfeited for violation of the customs revenue laws; and the person guilty of such failure, obstruction, or interference shall be punished by imprisonment for not more than ten years and may, in the discretion of the court, be fined not more than \$10,000.

(a) If any other person knowingly fails to comply with any regulation or rule issued or order given under the provisions of this title, or knowingly obstructs or interferes with the exercise of any power conferred by this title, he shall be punished by imprisonment for not more than ten years and may, at the discretion of the court, be fined not more than \$10,000.

HARRY S. TRUMAN

THE WHITE HOUSE,  
March 23, 1951.

[F. R. Doc. 51-3794; Filed, Mar. 23, 1951; 5:08 p. m.]

**EXECUTIVE ORDER 10227**

EXTENSION OF THE PROVISIONS OF PART I OF EXECUTIVE ORDER NO. 10210 OF FEBRUARY 2, 1951, TO THE GENERAL SERVICES ADMINISTRATION

By virtue of the authority vested in me by the First War Powers Act, 1941, as amended by the act of January 12, 1951, entitled "An Act to amend and extend title II of the First War Powers Act, 1941" (Public Law 921, 81st Congress), and as President of the United States and Commander in Chief of the armed forces of the United States, and deeming such action will facilitate the national defense, it is hereby ordered as follows:

The provisions of Part I of Executive Order No. 10210 of February 2, 1951, entitled "Authorizing the Department of Defense and the Department of Commerce to Exercise the Functions and Powers Set Forth in Title II of the First War Powers Act, 1941, as Amended by the Act of January 12, 1951, and Prescribing Regulations for the Exercise of Such Functions and Powers" are hereby extended to the General Services Administration; and, subject to the limitations and regulations contained in such part, and under such regulations as he may prescribe, the Administrator of General Services is authorized to perform and exercise, as to the General Services Administration, all the functions and authority vested in and granted by the said Part I to the Secretaries named therein: *Provided*, That the regulations of the Administrator of General Services need not be approved by the Secretary of Defense: *And provided further*, That nothing contained herein shall prejudice any other authority which the General Services Administration or the Administrator of General Services may have with respect to procurement.

HARRY S. TRUMAN

THE WHITE HOUSE,  
March 24, 1951.

[F. R. Doc. 51-3809; Filed, Mar. 26, 1951; 10:05 a. m.]

<sup>1</sup> 16 F. R. 1049.

## EXECUTIVE ORDER 10228

DESIGNATING THE INTER-AMERICAN DEFENSE BOARD AS A PUBLIC INTERNATIONAL ORGANIZATION ENTITLED TO ENJOY CERTAIN PRIVILEGES, EXEMPTIONS, AND IMMUNITIES

By virtue of the authority vested in me by section 1 of the International Or-

ganizations Immunities Act, approved December 29, 1945 (59 Stat. 669), and having found that the United States participates in the Inter-American Defense Board under the authority of acts of Congress making appropriations therefor, I hereby designate such Board as a public international organization entitled to enjoy the privileges, exemp-

tions, and immunities conferred by the said International Organizations Immunities Act.

HARRY S. TRUMAN

THE WHITE HOUSE,  
March 26, 1951.

[F. R. Doc. 51-3783; Filed, Mar. 26, 1951;  
12:14 p. m.]

## RULES AND REGULATIONS

## TITLE 5—ADMINISTRATIVE PERSONNEL

## Chapter III—Foreign and Territorial Compensation

Subchapter B—The Secretary of State  
[Departmental Reg. 108.121]

## PART 325—ADDITIONAL COMPENSATION IN FOREIGN AREAS

## DESIGNATION OF DIFFERENTIAL POSTS

Section 325.11, *Designation of differential posts*, is amended as follows, effective on the date indicated:

1. Effective as of the beginning of the first pay period following March 3, 1951, paragraph (a) is amended by the addition of the following posts:

Belgian Congo, all posts except Elisabethville and Leopoldville.  
Italian Somaliland, all posts.  
Mandalay, Burma.  
Ruanda-Urundi, all posts.

2. Effective as of the beginning of the first pay period following March 3, 1951, paragraph (b) is amended by the addition of the following post:

Tehran, Iran.

3. Effective as of the beginning of the first pay period following March 3, 1951, paragraph (c) is amended by the deletion of the following post:

Tehran, Iran.

(Sec. 102, Part I, E. O. 10000, Sept. 16, 1948, 13 F. R. 5453; 3 CFR, 1948 Supp.)

For the Secretary of State.

W. K. SCOTT,  
Deputy Assistant Secretary.

MARCH 20, 1951.

[F. R. Doc. 51-3755; Filed, Mar. 26, 1951;  
8:58 a. m.]

## TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission  
[File No. 21-171]

## PART 198—MILK BOTTLE CAP AND CLOSURE INDUSTRY

## PROMULGATION OF TRADE PRACTICE RULES

Due proceedings having been held under the trade practice conference procedure in pursuance of the act of Congress approved September 26, 1941, as amended (Federal Trade Commission Act), and other provisions of law administered by the Commission;

*It is now ordered*, That the trade practice rules of Group I and Group II, as hereinafter set forth, which have been approved and received, respectively, by the Commission in this proceeding, be promulgated as of March 27, 1951.

*Statement by the Commission.* Trade practice rules for the Milk Bottle Cap and Closure Industry, as hereinafter set forth, are promulgated by the Federal Trade Commission under the trade practice conference procedure. Such rules constitute a revision and extension of the trade practice rules for the Paper Bottle Cap Industry as promulgated by the Commission on November 5, 1931.

The industry is composed of the persons, firms, corporations, and organizations engaged in the manufacture, sale, or distribution of any of the various types of milk bottle caps, hoods, or closures made of paper, paperboard, cellophane, aluminum, aluminum foil, tin plate, or other material, or a combination thereof. Aggregate annual sales of industry products approximate \$18,000,000.

The primary objective of the rules is the maintenance of free and fair competition in the industry and the elimination and prevention of unfair methods of competition, unfair or deceptive acts or practices, and other trade abuses. The rules are to be applied to such end and to the exclusion of any acts or practices which suppress competition or otherwise restrain trade.

Proceedings to revise and extend the trade practice rules for the Paper Bottle Cap Industry were instituted by the Commission. A draft of proposed revised and extended rules, prepared in cooperation with industry representatives, was published by the Commission and made available to all industry members and other interested or affected parties upon public notice whereby they were afforded opportunity to present their views, including such pertinent information, suggestions, amendments, or objections as they desired to offer, and to be heard in the premises. Pursuant to such notice, a public hearing was held in Washington, D. C., and all matters presented, or otherwise received in the proceeding, were duly considered by the Commission.

Thereafter, and upon full consideration of the entire matter, final action was taken by the Commission whereby it approved and received, respectively, the Group I and Group II rules as hereinafter set forth.

Such rules become operative thirty (30) days from the date of promulgation.

*The rules.* These rules promulgated by the Commission are designed to foster and promote the maintenance of fair competitive conditions in the interest of protecting industry, trade, and the public. It is to this end, and to the exclusion of any act or practice which suppresses competition, restrains trade, fixes or controls price through combination or agreement, or which otherwise injures, destroys, or prevents competition, that the rules are to be applied.

Sec. 198.0	Definition; industry products.
GROUP I	
198.1	Misrepresentation (general).
198.2	Misrepresentation as to character of business.
198.3	Deceptive use of trade or corporate names, trade-marks, etc.
198.4	Misrepresentation as to installment sales contracts, their terms, conditions, etc.
198.5	Limitation of trade-marks, trade names, etc.
198.6	Unlawful coercion or combinations in restraint of trade.
198.7	Defamation of competitors or false disparagement of their products.
198.8	Substitution of products.
198.9	False invoicing.
198.10	Inducing breach of contract.
198.11	Commercial bribery.
198.12	Enticing away employees of competitors.
198.13	Procurement of competitors' confidential information by unfair means and wrongful use thereof.
198.14	Unfair threats of infringement suits.
198.15	Unlawful interference.
198.16	Selling below cost.
198.17	Prohibited discrimination.
198.18	Discriminatory returns.
GROUP II	
198.101	Price lists.
198.102	Repudiation of contracts.
198.103	Maintenance of accurate records.
198.104	Disputes.
198.105	Coercion in sales.

AUTHORITY: §§ 198.0 to 198.105 issued under sec. 6, 38 Stat. 722; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45.

§ 198.0 *Definition; industry products.* As used in these rules the term "industry products" shall be understood as embracing all kinds and types of milk bottle caps, and hoods or closures, whether made of paper, paperboard, cellophane, aluminum, aluminum foil, tin plate, or other material, or any combination thereof.

## GROUP I

*General statement.* The unfair trade practices embraced in §§ 198.1 to 198.18 are considered to be unfair methods of

competition, unfair or deceptive acts or practices, or other illegal practices, prohibited under laws administered by the Federal Trade Commission; and appropriate proceedings in the public interest will be taken by the Commission to prevent the use, by any person, partnership, corporation, or other organization subject to its jurisdiction, of such unlawful practices in commerce.

§ 198.1 *Misrepresentation (general)*. It is an unfair trade practice to use, or cause or promote the use of, any advertising by radio, newspapers, magazines, or other media, or any trade promotional literature, label, brand, mark, or other designation or representation (whether in the form of a guarantee, warranty, or otherwise), however disseminated or published:

(a) Which has the capacity and tendency or effect of misleading or deceiving purchasers or prospective purchasers with respect to the quality, grade, size, capacity, properties, durability, serviceability, life, conformity with sanitary regulations, or performance of any product of the industry, or with respect to the construction, constituent materials, manufacture, distribution, or terms or conditions of sale, of such product; or

(b) Which is false, misleading, or deceptive in any other respect. [Rule 1]

§ 198.2 *Misrepresentation as to character of business*. It is an unfair trade practice for any concern, in the course of, or in connection with, the distribution of industry products, to represent, directly or indirectly, that it is a manufacturer of industry products, or that it owns or controls a factory making such products, when such is not the fact, or in any other manner to misrepresent the character, extent, or type of its business. [Rule 2]

§ 198.3 *Deceptive use of trade or corporate names, trade-marks, etc.* The use of any trade name, corporate name, trade-mark, or other trade designation which has the capacity and tendency or effect of misleading or deceiving purchasers or prospective purchasers as to the character, name, nature, or origin of any product of the industry, or any material used therein, or which is false or misleading in any other respect, is an unfair trade practice. [Rule 3]

§ 198.4 *Misrepresentation as to installment sales contracts, their terms, conditions, etc.* It is an unfair trade practice to make or publish, or cause to be made or published, directly or indirectly, any false, misleading, or deceptive statement or representation, through advertising or otherwise, concerning installment sales contracts used or their terms and conditions, including down payments, interest, carrying charges, etc., or respecting any other matters relative to such contracts or their terms and conditions. [Rule 4]

§ 198.5 *Imitation of trade-marks, trade names, etc.* The imitation or simulation of the trade-marks, trade names, brands, or labels of competitors, with the capacity and tendency or effect of misleading or deceiving purchasers or prospective purchasers, is an unfair trade practice. [Rule 5]

§ 198.6 *Unlawful coercion or combination in restraint of trade*. It is an unfair trade practice for a member of the industry:

(a) To use, directly or indirectly, any form of threat, intimidation, or coercion against any member of the industry or other person to unlawfully fix, maintain, or enhance prices, suppress competition, or restrain trade; or

(b) To enter into or take part in, directly or indirectly, any agreement, understanding, combination, conspiracy, or concerted action with one or more members of the industry, or with one or more other persons, to unlawfully fix, maintain, or enhance prices, suppress competition, or restrain trade. [Rule 6]

§ 198.7 *Defamation of competitors or false disparagement of their products*. The defamation of competitors by falsely imputing to them dishonorable conduct, inability to perform contracts, questionable credit standing, or by other false representations, or the false disparagement of competitors' products in any respect, or of their business methods, selling prices, values, credit terms, policies, or services, is an unfair trade practice. [Rule 7]

§ 198.8 *Substitution of products*. The practice of shipping or delivering industry products which do not conform to samples submitted, to specifications upon which the sale is consummated, or to representations made prior to securing the order, without the consent of the purchasers to such substitution, and with the capacity and tendency or effect of misleading or deceiving purchasers or prospective purchasers, is an unfair trade practice. [Rule 8]

§ 198.9 *False invoicing*. It is an unfair trade practice to withhold from or insert in invoices any statements or information by reason of which omission or insertion a false record is made, wholly or in part, of the transactions represented on the face of such invoice, with the capacity and tendency or effect of thereby misleading or deceiving purchasers or prospective purchasers. [Rule 9]

§ 198.10 *Inducing breach of contract*. It is an unfair trade practice to induce or attempt to induce the breach of existing lawful contracts between competitors and their customers, or their suppliers, by any false or deceptive means whatsoever, or to interfere with or obstruct the performance of any such contractual duties or services by any such means, with the purpose and effect of unduly hampering, injuring, or prejudicing competitors in their business. [Rule 10]

§ 198.11 *Commercial bribery*. It is an unfair trade practice for a member of the industry, directly or indirectly, to give, or offer to give, or permit or cause to be given, money or anything of value to agents, employees, or representatives of customers or prospective customers, or to agents, employees, or representatives of competitors' customers or prospective customers, without the knowledge of their employers or principals, as an inducement to influence their employers or principals to purchase, or contract to

purchase, products manufactured or sold by such industry member or the maker of such gift or offer, or to influence such employers or principals to refrain from dealing in the products of competitors or from dealing or contracting to deal with competitors. [Rule 11]

§ 198.12 *Enticing away employees of competitors*. It is an unfair trade practice for any member of the industry wilfully to entice away employees of competitors with the intent and effect of thereby unduly hampering or injuring competitors in their business and destroying or substantially lessening competition: *Provided*, That nothing in this section shall be construed as prohibiting employees or agents from seeking or obtaining more favorable employment. [Rule 12]

§ 198.13 *Procurement of competitors' confidential information by unfair means and wrongful use thereof*. It is an unfair trade practice for any member of the industry to obtain information concerning the business of a competitor by bribery of an employee or agent of such competitor, by false or misleading statements or representations, by the impersonation of one in authority, or by any other unfair means, and to use the information so obtained in such manner as to injure said competitor in his business or to suppress competition or unreasonably restrain trade. [Rule 13]

§ 198.14 *Unfair threats of infringement suits*. The circulation of threats of suit for infringement of patents or trade-marks among customers or prospective customers of competitors, not made in good faith but for the purpose or with the effect of thereby harassing or intimidating such customers or prospective customers, or of unduly hampering, injuring, or prejudicing competitors in their business, is an unfair trade practice. [Rule 14]

§ 198.15 *Unlawful interference*. It is an unfair trade practice for any member of the industry, by means of any monopolistic practices, or through combination, conspiracy, coercion, boycott, threats, or any other unlawful means, directly or indirectly, to interfere with a competitor's right to purchase his materials and supplies from whomsoever he chooses, or to sell to whomsoever he chooses. [Rule 15]

§ 198.16 *Selling below cost*. The practice of selling industry products at a price less than the cost thereof to the seller, with the purpose or intent, and where the effect may be, to injure, suppress, or stifle competition or tend to create a monopoly in the production or sale of such products, is an unfair trade practice. As used in this section, the term "cost" means the total cost to the seller, including the costs of acquisition, processing, preparation for marketing, sale, and delivery. [Rule 16]

§ 198.17 *Prohibited discrimination—(a) Prohibited discriminatory prices, or rebates, refunds, discounts, credits, etc., which effect unlawful price discrimination*. It is an unfair trade practice for any member of the industry engaged in

commerce,<sup>1</sup> in the course of such commerce, to grant or allow, secretly or openly, directly or indirectly, any rebate, refund, discount, credit, or other form of price differential, where such rebate, refund, discount, credit, or other form of price differential, effects a discrimination in price between different purchasers of goods of like grade and quality, where either or any of the purchases involved therein are in commerce,<sup>1</sup> and where the effect thereof may be substantially to lessen competition or tend to create a monopoly in any line of commerce,<sup>1</sup> or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefits of such discrimination, or with customers of either of them: *Provided, however:*

(1) That the goods involved in any such transaction are sold for use, consumption, or resale within any place under the jurisdiction of the United States;

(2) That nothing contained in this section shall prevent differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered;

(3) That nothing contained in this section shall prevent persons engaged in selling goods, wares, or merchandise in commerce<sup>1</sup> from selecting their own customers in bona fide transactions and not in restraint of trade;

(4) That nothing contained in this section shall prevent price changes from time to time where made in response to changing conditions affecting the market for or the marketability of the goods concerned, such as but not limited to obsolescence of seasonal goods, distress sales under court process, or sales in good faith in discontinuance of business in the goods concerned.

(b) *Prohibited brokerage and commissions.* It is an unfair trade practice for any member of the industry engaged in commerce,<sup>1</sup> in the course of such commerce, to pay or grant, or to receive or accept, anything of value as a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof, except for services rendered in connection with the sale or purchase of goods, wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

<sup>1</sup> As here used, the word "commerce" means "trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States."

(c) *Prohibited advertising or promotional allowances, etc.* It is an unfair trade practice for any member of the industry engaged in commerce<sup>1</sup> to pay or contract for the payment of advertising or promotional allowances or any other thing of value to or for the benefit of a customer of such member in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products or commodities manufactured, sold, or offered for sale by such member, unless such payment or consideration is available on proportionally equal terms to all other customers competing in the distribution of such products or commodities.

(d) *Prohibited discriminatory services or facilities.* It is an unfair trade practice for any member of the industry engaged in commerce<sup>1</sup> to discriminate in favor of one purchaser against another purchaser or purchasers of a commodity bought for resale, with or without processing, by contracting to furnish or furnishing, or by contributing to the furnishing of, any services or facilities connected with the processing, handling, sale, or offering for sale of such commodity so purchased upon terms not accorded to all competing purchasers on proportionally equal terms.

(e) *Inducing or receiving an illegal discrimination in price.* It is an unfair trade practice for any member of the industry engaged in commerce,<sup>1</sup> in the course of such commerce, knowingly to induce or receive a discrimination in price which is prohibited by the foregoing provisions of this section.

(f) *Exemptions.* The inhibitions of this section shall not apply to purchases of their supplies for their own use by schools, colleges, universities, public libraries, churches, hospitals, and charitable institutions not operated for profit.

Note: In complaint proceedings charging discrimination in price or services or facilities furnished, and upon proof having been made of such discrimination, the burden of rebutting the prima-facie case thus made by showing justification shall be upon the person charged; and unless justification shall be affirmatively shown, the Commission is authorized to issue an order terminating the discrimination; *Provided, however,* That nothing contained in this section shall prevent a seller rebutting the prima-facie case thus made by showing that his lower price, or the furnishing of services or facilities to any purchaser or purchasers, was made in good faith to meet an equally low price of a competitor or the services or facilities furnished by a competitor.

[Rule 17]

§ 198.18 *Discriminatory returns.* It is an unfair trade practice for any member of the industry engaged in commerce<sup>1</sup> to discriminate in favor of one customer-purchaser against another customer-purchaser of industry products, bought from such member of the industry for resale, by contracting to furnish, or furnishing in connection therewith, upon terms not accorded to all competing customer-purchasers on proportionally equal terms, the service or facility whereby such favored purchaser is accorded the privilege of re-

turning products so purchased and receiving therefor credit or refund of purchase price: *Provided, however,* That nothing in any of the sections in this part shall prohibit or be used to prevent the return of merchandise by purchaser, for credit or refund of purchase price, when and because such merchandise has been falsely or deceptively represented, or when and because such merchandise is defective in material, workmanship, or in any other respect is contrary to warranty or purchase contract. [Rule 18]

#### GROUP II

*General statement.* Compliance with trade practice provisions embraced in §§ 198.101 to 198.105 is considered to be conducive to sound business methods and is to be encouraged and promoted individually or through voluntary cooperation exercised in accordance with existing law. Nonobservance of such rules does not per se constitute violation of law. Where, however, the practice of not complying with §§ 198.101 to 198.105 is followed in such manner as to result in unfair methods of competition, or unfair or deceptive acts or practices, corrective proceedings may be instituted by the Commission as in the case of violation of §§ 198.1 to 198.18.

§ 198.101 *Price lists.* (a) The industry approves the practice of each individual member of the industry independently publishing and circulating to the purchasing trade his own price lists.

(b) The industry approves the practice of making the terms of sale a part of all published price schedules. [Rule A]

§ 198.102 *Repudiation of contracts.* Lawful contracts are business obligations which should be performed in letter and in spirit. The repudiation of contracts by sellers on a rising market, or by buyers on a declining market, is condemned by the industry. [Rule B]

§ 198.103 *Maintenance of accurate records.* It is the judgment of the industry that each member should independently keep proper and accurate records for determining his costs. [Rule C]

§ 198.104 *Disputes.* The industry approves the practice of handling business disputes between members of the industry and their customers in a fair and reasonable manner, coupled with a spirit of moderation and good will, and every effort should be made by the disputants themselves to compose their differences. If unable to do so they should, if possible, submit these disputes to arbitration. [Rule D]

§ 198.105 *Coercion in sales.* The use of buying power to force uneconomic or unjust terms of sale upon sellers, and the use of selling power to force uneconomic or unjust terms of sale upon buyers, are condemned by the industry. [Rule E]

Promulgated by the Federal Trade Commission March 27, 1951.

Issued: March 22, 1951.

[SEAL]

D. C. DANIEL,  
Secretary.

[F. R. Doc. 51-3725; Filed, Mar. 26, 1951; 8:52 a. m.]

**TITLE 17—COMMODITY AND SECURITIES EXCHANGES**

**Chapter II—Securities and Exchange Commission**

**PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933**

**DISCLOSURE DETRIMENTAL TO THE NATIONAL SECURITY**

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Exchange Act of 1933, particularly section 19 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors, hereby adopts the following rule:

§ 230.171 *Disclosure detrimental to the national security.* (a) The Commission may, upon its own initiative or upon application, authorize or direct the omission or the filing under separate confidential cover of specific information from any registration statement, prospectus or other document filed with the Commission or used in connection with the offering or sale of any securities, if publication of the information would, in the opinion of the Commission acting in consultation where necessary with any executive department or agency of the United States concerned therewith, be detrimental to the national security.

(b) Any issuer, underwriter or other distributor of securities may apply to the Commission for an opinion pursuant to paragraph (a) of this section. Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) Any requirement to the contrary notwithstanding, no registration statement, prospectus or other document filed with the Commission or used in connection with the offering or sale of any securities shall contain any information which the Commission shall have authorized or directed to be omitted or filed under separate confidential cover pursuant to this section.

The Commission finds, with respect to the above rule, that notice and public procedure pursuant to section 4 (a) and (b) of the Administrative Procedure Act are impractical and unnecessary, for the reason that the rules should be declared effective forthwith in order to be immediately operative as to information the publication of which may be detrimental to the national security. For the same reason, the Commission finds that the rule may be made effective immediately pursuant to section 4 (c) of that act.

Accordingly, the foregoing action shall be effective March 19, 1951.

(Sec. 19, 48 Stat. 85; 15 U. S. C. 77s)

By the Commission.

[SEAL] ORVAL L. DuBOIS,  
Secretary.

MARCH 19, 1951.

[F. R. Doc. 51-3708; Filed, Mar. 26, 1951; 8:48 a. m.]

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934**

**DISCLOSURE DETRIMENTAL TO THE NATIONAL SECURITY**

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly section 23 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors, hereby adopts the following rule:

§ 240.6 *Disclosure detrimental to the national security.* (a) The Commission may, upon its own initiative, or upon application, authorize or direct the omission or the filing under separate confidential cover of specific information from any application for registration, report, proxy statement or other document filed with the Commission or any securities exchange, if publication of the information would, in the opinion of the Commission, acting in consultation where necessary with any executive department or agency of the United States concerned therewith, be detrimental to the national security.

(b) Any issuer or other person who is about to file any such document with the Commission or an exchange may apply to the Commission for an opinion pursuant to paragraph (a) of this section. Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) Any requirement to the contrary notwithstanding, no application for registration, report, proxy statement, or other document filed with the Commission or any securities exchange shall contain any information which the Commission shall have authorized or directed to be filed under separate confidential cover pursuant to this section. [Rule X-6]

The Commission finds, with respect to the above rule, that notice and public procedure pursuant to section 4 (a) and (b) of the Administrative Procedure Act are impractical and unnecessary, for the reason that the rules should be declared effective forthwith in order to be immediately operative as to information the publication of which may be detrimental to the national security. For the same reason, the Commission finds that the rules may be made effective immediately pursuant to section 4 (c) of that act.

Accordingly, the foregoing action shall be effective March 19, 1951.

(Sec. 23, 48 Stat. 901, as amended; 15 U. S. C. 78w)

By the Commission.

[SEAL] ORVAL L. DuBOIS,  
Secretary.

MARCH 19, 1951.

[F. R. Doc. 51-3709; Filed, Mar. 26, 1951; 8:49 a. m.]

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934**

**EXEMPTION OF CERTAIN ACQUISITIONS OF SECURITIES UNDER STOCK BONUS OR SIMILAR PLANS**

On January 19, 1951, the Securities and Exchange Commission published a proposal for the amendment of § 240.16b-3 (Rule X-16B-3) under the Securities Exchange Act of 1934. The amended rule would provide an exemption from section 16 (b) of the act with respect to the acquisition of certain equity securities by directors and officers who are subject to the provisions of that section.

The Commission has duly considered all comments and suggestions received in connection with the proposed amendment and finds that the transactions which would be exempted by the amended rule are not comprehended within the purpose of said section 16 (b). Accordingly, the Commission, acting pursuant to said section and section 23 (a) of the act, hereby amends § 240.16b-3 to read as follows:

§ 240.16b-3 *Exemption from section 16 (b) of certain acquisitions of securities under stock bonus or similar plans.* Any acquisition of shares of stock (other than convertible stock or stock acquired pursuant to an option, warrant or right) by a director or officer of the issuer of such stock shall be exempt from the operation of section 16 (b) of the act if the stock was acquired pursuant to a bonus, profit-sharing, retirement or similar plan meeting all of the following conditions:

(a) The plan has been approved specifically, or through the approval of a charter amendment authorizing stock for issuance pursuant to the plan, by the security holders of the issuer at a meeting for which proxies were solicited in accordance with such rules and regulations, if any, as were then in effect under section 14 (a) of the act.

(b) If the selection of the persons who may receive funds or securities pursuant to the plan, or the determination of the amount of funds or securities which may be so received by any such person is subject to the discretion of any person, such discretion shall be exercised by (1) a committee of three or more persons having full and final authority in the matter, or (2) the board of directors of the issuer, provided the members of such committee, or a majority of the directors acting in the matter, are not entitled to participate in such plan or in any other similar plan provided by the issuer or any of its affiliates.

(c) The plan effectively limits the aggregate amount of funds or securities which may be allocated with respect to each fiscal year pursuant to the plan, either by limiting the maximum amount which may be allocated to each participant in the plan or by limiting the maximum amount which may be so allocated to all such participants.

(d) The acquisition of the securities pursuant to the plan does not involve the payment of any cash (other than the application of funds currently received pur-