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TITLE 7—AGRICULTURE

Chapter I—Agricultural Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 52—PROCESSED FRUITS, VEGETABLES AND OTHER PRODUCTS (INSPECTION, CERTIFICATION AND STANDARDS)

SUBPART—UNITED STATES STANDARDS FOR GRADES OF FROZEN FRENCH FRIED POTATOES¹

On May 20, 1954, a notice of proposed rule making was published in the FEDERAL REGISTER (19 F. R. 2944) regarding a proposed issuance of United States Standards for Grades of Frozen French Fried Potatoes.

After consideration of all relevant matters presented, including the proposal set forth in the aforesaid notice, the following United States Standards for Grades of Frozen French Fried Potatoes are hereby promulgated pursuant to the authority contained in the Agricultural Marketing Act of 1946. (60 Stat. 1087 et seq., 7 U. S. C. 1621 et seq.)

PRODUCT DESCRIPTION, STYLES, AND GRADES

- Sec.
 52.2391 Product description.
 52.2392 Styles of frozen french fried potatoes.
 52.2393 Grades of frozen french fried potatoes.

FACTORS OF QUALITY

- 52.2394 Ascertaining the grade.
 52.2395 Ascertaining the rating for the factors which are scored.
 52.2396 Color.
 52.2397 Defects.
 52.2398 Texture.

LOT CERTIFICATION TOLERANCES

- 52.2399 Tolerances for certification of officially drawn samples.

SCORE SHEET

- 52.2400 Score sheet for frozen french fried potatoes.

AUTHORITY: §§ 52.2391 to 52.2400 Issued under sec. 205, 60 Stat. 1090; 7 U. S. C. 1624.

¹ Compliance with these standards shall not excuse failure to comply with the provisions of the Federal Food, Drug, and Cosmetic Act.

PRODUCT DESCRIPTION, STYLES, AND GRADES

§ 52.2391 *Product description.* Frozen french fried potatoes are prepared from mature, sound, white or Irish, potatoes (*Solanum tuberosum*). The potatoes are cleaned, peeled, sorted, trimmed, washed, cut into strips, and are deep fried in a suitable fat or oil. They are frozen in accordance with good commercial practice and stored at temperatures necessary for the preservation of the product.

§ 52.2392 *Styles of frozen french fried potatoes.* "French style" means potatoes cut into strips. The cross sectional dimensions of the strips may vary from approximately $\frac{1}{4}$ by $\frac{1}{4}$ to approximately $\frac{1}{2}$ by $\frac{1}{2}$ inches.

§ 52.2393 *Grades of frozen french fried potatoes.* (a) "U. S. Grade A" or "U. S. Fancy" is the quality of frozen french fried potatoes that possess similar varietal characteristics; that possess a good flavor; that possess a good color; that are practically free from defects; that possess a good texture; and that score not less than 85 points when scored in accordance with the scoring system outlined in this subpart.

(b) "U. S. Grade B" or "U. S. Extra Standard" is the quality of frozen french fried potatoes that possess similar varietal characteristics; that possess a reasonably good flavor; that possess a reasonably good color; that are reasonably free from defects; that possess a reasonably good texture; and that score not less than 70 points when scored in accordance with the scoring system outlined in this subpart.

(c) "Substandard" is the grade of frozen french fried potatoes that fail to meet the requirements of "U. S. Grade B" or "U. S. Extra Standard."

FACTORS OF QUALITY

§ 52.2394 *Ascertaining the grade.* (a) The grade of frozen french fried potatoes is ascertained by considering the factors of quality which are not scored and those which are scored, as follows:

- (1) *Factors which are not scored.* (i) Varietal characteristics. (ii) Flavor.
 (2) *Factors which are scored.* The relative importance of each factor which

(Continued on next page)

CONTENTS

Agricultural Marketing Service	Page
Proposed rule making:	
Grape juice concentrate, frozen, for grape beverage; U. S. standards for grades.....	6773
Rules and regulations:	
Potatoes, frozen french fried; U. S. standards for grades..	6723
Agriculture Department	
See Agricultural Marketing Service; Commodity Stabilization Service.	
Civil Aeronautics Administration	
Rules and regulations:	
Danger areas; North Carolina..	6726
Commerce Department	
See Civil Aeronautics Administration; Foreign Commerce Bureau.	
Commodity Stabilization Service	
Proposed rule making:	
Wheat; measurement of acreage, marketing, collection of marketing penalties, storage and records and reports, 1955-56 marketing year.....	6775
Customs Bureau	
Proposed rule making:	
Craig, Alaska; revocation of designation as customs port of entry.....	6772
Eagle, Fairbanks and Skagway, Alaska; revocation of designations as ports of documentation.....	6772
Federal Power Commission	
Notices:	
Christie, Mitchell & Mitchell Co.; suspension of proposed rate increase.....	6776
Food and Drug Administration	
Proposed rule making:	
Tolerances and exemptions from tolerances for pesticide chemicals on raw agricultural commodities.....	6733
Tolerances for poisonous or deleterious residues in or on fresh fruits and vegetables..	6738
Rules and regulations:	
Streptomycin for inhalation therapy.....	6730



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CONTENTS—Continued

Foreign Commerce Bureau	Page
Rules and regulations:	
Licensing policies and related special provisions; amendments, extensions, transfers; miscellaneous amendments...	6726
Health, Education, and Welfare Department	
See Food and Drug Administration.	
Indian Affairs Bureau	
Rules and regulations:	
Determination of heirs and approval of wills, except as to members of Five Civilized Tribes and Osage Indians; decision; presumption of death...	6731

RULES AND REGULATIONS

CONTENTS—Continued

Interior Department	Page
See Indian Affairs Bureau; Land Management Bureau.	
Interstate Commerce Commission	
Notices:	
Applications for relief:	
Blackstrap molasses from Louisiana to southwestern, western trunk-line and Illinois territories...	6783
Caustic soda, liquid, from McIntosh, Ala., to New Orleans, La...	6784
Iron and steel from South to official territory...	6783
Paper boxes from Krannert, Ga., to St. Louis, Mo., and East St. Louis, Ill...	6784
Tobacco stems from points in Virginia and North Carolina to points in Virginia and West Virginia...	6784
Motor carrier applications...	6777
Rules and regulations:	
Surety bonds and policies of insurance; common carriers, cargo insurance; exempt commodities...	6732
Land Management Bureau	
Notices:	
Utah:	
Air-navigation site revoked; amendment...	6775
Proposed withdrawal and reservation of lands; amendment...	6776
Rules and regulations:	
Federal Range Code for grazing districts; preference right leases for lands restored from withdrawal; issuance of licenses and permits...	6731
Post Office Department	
Proposed rule making:	
Revision of postal regulations...	6772
Securities and Exchange Commission	
Notices:	
Hearings, etc.:	
Attleboro Electric Co. et al...	6776
Eastern Utilities Associates...	6776
Louisiana Power & Light Co...	6777
Rules and regulations:	
Investment Company Act, 1940; definition of terms used...	6730
Securities Act, 1933:	
Forms for registration statements...	6730
Miscellaneous amendments...	6727
Securities Exchange Act, 1934; miscellaneous amendments...	6730
State Department	
Notices:	
Delegation of authority for procurement transactions...	6775
Treasury Department	
See Customs Bureau.	

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.

Title 7	Page
Chapter I:	
Part 52.....	6723
Proposed rules.....	6773
Chapter VII:	
Part 728 (proposed).....	6775
Title 14	
Chapter II:	
Part 608.....	6726
Title 15	
Chapter III:	
Part 373.....	6726
Part 380.....	6726
Title 17	
Chapter II:	
Part 230.....	6727
Part 239.....	6730
Part 240.....	6730
Part 270.....	6730
Title 19	
Chapter I:	
Part 1 (proposed) (2 documents).....	6772
Title 21	
Chapter I:	
Part 120 (proposed) (2 documents).....	6733, 6738
Part 141b.....	6730
Part 146b.....	6730
Title 25	
Chapter I:	
Part 81.....	6731
Title 39	
Chapter I:	
Parts 1-137 (proposed).....	6772
Title 43	
Chapter I:	
Part 160.....	6731
Part 161.....	6731
Title 49	
Chapter I:	
Part 174.....	6732

is scored is expressed numerically on the scale of 100. The maximum number of points that may be given such factors are:

Factors:	Points
Color	30
Defects	40
Texture	30
Total	100

(b) "Good flavor" means the good characteristic flavor and odor of properly prepared french fried potatoes. Such flavor is free from rancidity and bitterness; from pronounced scorched, or caramelized flavors and from off flavors and off odors of any kind.

(c) "Reasonably good flavor" means that the product may be somewhat lacking in good flavor and odor but it free from objectionable flavors and objectionable odors of any kind.

§ 52.2395 *Ascertaining the rating for the factors which are scored.* (a) The essential variations within each factor

which is scored are so described that the value may be ascertained for each factor and expressed numerically. The numerical range within each factor which is scored is inclusive. (For example, "21 to 24 points" means 21, 22, 23, or 24 points.)

(b) The factors of color and defects are evaluated by observing the product in the frozen state and after it has been heated in a suitable manner.

(c) The factor of texture is evaluated within three minutes after the product has been prepared by heating in a suitable manner and while it is well above room temperature.

(d) "Heated in a suitable manner" means heated in the following manner:

(1) Place the product while still in the frozen state on a piece of crumpled and partially straightened aluminum foil of sufficient size so that at least nine ounces of the product may be spread in a single layer on the foil. The aluminum foil may be supported by a piece of sheet metal or a shallow pan.

(2) Place foil and frozen contents into a properly ventilated oven preheated to 400 degrees F. and allow to remain 15 minutes or until the interior portions of the larger pieces are properly cooked.

Heating may be accomplished by any other method which will give comparable results.

§ 52.2396 *Color*—(a) (A) *classification*. Frozen french fried potatoes that possess a good color may be given a score of 25 to 30 points. "Good color" means that the units possess a characteristic light cream to golden color typical of properly prepared frozen french fried potatoes; that the product is bright, practically uniform in color and, after heating, is practically free from units which vary markedly from the predominating color.

(b) (B) *classification*. If the frozen french fried potatoes possess a reasonably good color, a score of 21 to 24 points may be given. Frozen french fried potatoes that fall into this classification may not be graded above U. S. Grade B or U. S. Extra Standard regardless of the total score for the product (this is a limiting rule). "Reasonably good color" means that the units may possess a variable color ranging from light cream to brown typical of frozen french fried potatoes; that the product may be dull but not off color and, after heating, the variation in color of the units does not seriously affect the appearance of the product.

(c) (SStd) *classification*. Frozen french fried potatoes that fail to meet the requirements of paragraph (b) of this section may be given a score of 0 to 20 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

§ 52.2397 *Defects*—(a) *General*. The factor of defects refers to the degree of freedom from harmless vegetable material, dark carbon specks, unpeeled areas, broken pieces, small pieces, slivers, and irregular pieces, and from units blemished (including those seriously blemished) by sunburn, hollowheart, burned ends, abnormal discoloration, dried cut surfaces, or by other means.

(1) "Blemished" means that the areas affected on a unit materially affect the appearance or eating quality of the unit.

(2) "Seriously blemished" means that the blemished areas on a unit are of such a nature as to seriously affect the appearance or eating quality of the unit.

(3) "Small piece" means any strip less than one inch in length.

(4) "Sliver" means any strip of substantially smaller cross section than the predominating size of the unit.

(5) "Irregular pieces" means pieces that do not have the general conformation of strips.

(b) (A) *classification*. Frozen french fried potatoes that are practically free from defects may be given a score of 35 to 40 points. "Practically free from defects" means that (1) there may be present not more than one piece of harmless extraneous vegetable material for each 32 ounces of the frozen product; (2) the surfaces of the units are practically free from carbon specks; (3) not more than 15 percent, by count, of the units are small pieces, slivers, or irregularly cut pieces; and (4) not more than 3 percent, by count, of the units are blemished or seriously blemished of which not more than 1 percent, by count, of all the units are seriously blemished. To score in this classification there may be present not more than 200 units per each 16 ounces of the frozen product, except that if the predominating size of the cross sections of the units is less than $\frac{3}{8}$ " by $\frac{3}{8}$ " this provision does not apply but the presence of small units may not adversely affect the appearance of the product.

(c) (B) *classification*. Frozen french fried potatoes that are reasonably free from defects may be given a score of 28 to 34 points. Frozen french fried potatoes that fall into this classification shall not be graded above U. S. Grade B or U. S. Extra Standard regardless of the total score for the product (this is a limiting rule). "Reasonably free from defects" means that (1) there may be present not more than one piece of harmless extraneous vegetable material for each 16 ounces of the frozen product; (2) the surfaces of the units are reasonably free from carbon specks; (3) not more than 30 percent, by count, of the units are small pieces, slivers, or irregularly cut pieces; and (4) not more than 10 percent, by count, of the units are blemished or seriously blemished of which not more than 4 percent, by count, of all the units are seriously blemished.

(d) (SStd) *classification*. Frozen french fried potatoes that fail to meet the requirements of paragraph (c) of this section may be given a score of 0 to 27 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

§ 52.2398 *Texture*—(a) (A) *classification*. Prepared french fried potatoes that possess a good texture may be given a score of 25 to 30 points. "Good texture" means that the external surfaces of the units are moderately crisp, show no noticeable separation from the inner portion, and are not excessively oily; the interior portions are well cooked, tender, and practically free from sogginess.

(b) (B) *classification*. If the prepared french fried potatoes possess only

a reasonably good texture a score of 21 to 24 points may be given. Frozen french fried potatoes that fall into this classification shall not be graded above U. S. Grade B or U. S. Extra Standard regardless of the total score for the product (this is a limiting rule). "Reasonably good texture" means that the external surfaces of the units may be slightly hard or slightly tough, show no more than a moderate separation from the interior portion, and are not excessively oily; the interior portions are well cooked, reasonably tender, and reasonably free from sogginess.

(c) (SStd) *classification*. Frozen french fried potatoes that fail to meet the requirements of paragraph (b) of this section may be given a score of 0 to 20 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

LOT CERTIFICATION TOLERANCES

§ 52.2399 *Tolerances for certification of officially drawn samples*. When certifying samples that have been officially drawn and which represent a specific lot of frozen french fried potatoes the grade for such lot will be determined by averaging the total scores of the containers comprising the sample if all applicable standards of quality promulgated under the Federal Food, Drug, and Cosmetic Act and in effect at the time of the aforesaid certification, and with respect to those factors which are scored:

(a) Not more than one-sixth of the containers fails to meet the grade indicated by the average of such total scores;

(b) None of the containers falls more than 4 points below the minimum score for the grade indicated by the average of such total scores;

(c) None of the containers falls more than one grade below the grade indicated by the average of such total scores; and

(d) The average score of all containers for any factor subject to a limiting rule is within the score range of that factor for the grade indicated by the average of the total scores of the containers comprising the sample.

SCORE SHEET

§ 52.2400 *Score sheet for frozen french fried potatoes*.

Size and kind of container.....		
Container mark or identification.....		
Label.....		
Net weight (ounces).....		
Style and cross-section, dimension.....		
Factors	Score points	
Color.....	(A) 25-30 (B) 21-24 (SStd.) 0-20	30
Defects.....	(A) 35-40 (B) 28-34 (SStd.) 0-27	40
Texture.....	(A) 25-30 (B) 21-24 (SStd.) 0-20	30
Total score.....	100	
Similar varieties.....		
Good flavor.....		
Grade.....		

¹ Indicates limiting rule.

Effective time. The United States Standards for Grades of Frozen French Fried Potatoes (which is the first issue) contained in this subpart shall become effective 30 days after publication hereof in the FEDERAL REGISTER.

Dated: October 14, 1954.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator,
Marketing Services.

[F. R. Doc. 54-8221; Filed, Oct. 19, 1954;
8:50 a. m.]

TITLE 14—CIVIL AVIATION

Chapter II—Civil Aeronautics Administration, Department of Commerce

[Amdt. 94]

PART 608—DANGER AREAS

NORTH CAROLINA

The danger area alteration appearing hereinafter has been coordinated with the civil operators involved, the Army, the Navy, and the Air Force, through the Air Coordinating Committee, Airspace Subcommittee, and is adopted to become effective when indicated in order to promote safety of the flying public. Since a military function of the United States is involved, compliance with the notice, procedures, and effective date provisions of section 4 of the Administrative Procedure Act is not required.

Part 608 is amended as follows:

In § 608.41, the Cherry Point, North Carolina, No. 2, area (D-125), published on April 21, 1949, in 14 F. R. 1913, and on July 16, 1949, in 14 F. R. 4287, and amended on August 16, 1950, in 15 F. R. 5429 and on November 8, 1952, in 17 F. R. 10139 and on December 3, 1952, in 17 F. R. 10903, is further amended by changing the "Designated Altitudes" column to read: "From 11,000 feet MSL to 45,000 feet MSL. During the hours of darkness, that portion overlapping Amber civil airway No. 9 shall include only that airspace from 11,000 feet to 16,000 feet and from 23,000 feet to 45,000 feet ASL."

(Sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interprets or applies sec. 601, 52 Stat. 1007, as amended; 49 U. S. C. 551)

This amendment shall become effective on October 26, 1954.

[SEAL] F. B. LEE,
Administrator of Civil Aeronautics.

[F. R. Doc. 54-8202; Filed, Oct. 19, 1954;
8:46 a. m.]

TITLE 15—COMMERCE AND FOREIGN TRADE

Chapter III—Bureau of Foreign Commerce, Department of Commerce

Subchapter B—Export Regulations

[7th Gen. Rev. of Export Regs., Amdt. 11]

PART 373—LICENSING POLICIES AND RELATED SPECIAL PROVISIONS

PART 380—AMENDMENTS, EXTENSIONS, TRANSFERS

MISCELLANEOUS AMENDMENTS

1. Section 373.41 *Nonferrous commodities, including ores, concentrates, or un-*

refined products is amended by adding a new paragraph (g) thereto to read as follows:

(g) *Refined copper, copper scrap and copper-base alloy scrap*—(1) *General.* (i) License applications to export refined copper in cathodes, billets, ingots, wire bars and other crude forms (including anodes), Schedule B No. 641200; copper scrap (new and old), Schedule B No. 641300; and copper-base alloy scrap (new and old), Schedule B No. 644000 (except copper produced in the U. S. from non-U. S. origin materials under toll or conversion arrangements) will be considered by the Bureau of Foreign Commerce only when the applications contain the certifications described in subparagraphs (2) and (3) of this paragraph and include one of the following statements:

"The foreign consumer of the commodities covered by this application is the same as that shown in item 7 on this application."

If the foreign consumer is not the same as that shown in item 7:

"The name and address of the foreign consumer is _____"

(ii) Where the ultimate consignee is different from the foreign consumer named in the application a consignee statement in accordance with the provisions of § 373.65 shall be submitted from both the ultimate consignee and the foreign consumer.

(2) *Evidence of availability required*—

(i) *Evidence required from producers or generators.* An applicant who is a producer of refined copper or a generator of scrap for which an export license is requested and who has the commodities in his possession and available for immediate exportation shall enter the following certification on the export license application:

(I) (we) certify that (I) (we) have full legal title to the entire quantity of copper materials described on this license application and that they are in (my) (our) possession and are available for immediate export by (me) (us).

(ii) *Evidence required from non-producers or non-generators.* An applicant who is not a producer or generator of the copper commodities for which an export license is requested shall supply evidence of availability of the material proposed for export as described below:

(a) *Evidence of ownership.* Where the applicant has title to the commodities covered by the application, the following certification shall be shown on the application:

(I) (we) certify that (I) (we) have full legal title to the copper commodities described on this license application and that these commodities are in (my) (our) possession or will be in (my) (our) possession not later than _____ for immediate export. (Date)

(b) *Evidence of commitment.* Where the applicant does not have full legal title to the commodities covered by the application, but does have a written firm commitment dated October 1, 1954, or subsequent thereto, from a person who has title to such commodities, the application shall include the following certification:

(I) (we) certify that (I) (we) have a written firm commitment dated _____, from _____

(Name and address of firm having full legal title to the commodities covered by the application) to deliver to us on or before _____

(Approximate delivery dates) for immediate export the commodities in the quantities described on this application.

All documents evidencing title and including the written firm commitment set forth above must be kept available for inspection, upon demand, by the Bureau of Foreign Commerce for three years from the date of receipt of the application, as shown on the Acknowledgment Card, Form IT- or FC-116.

(3) *Toll or conversion agreements.* The Bureau of Foreign Commerce will license without restriction exports of copper produced in the United States under toll or conversion contracts from materials received from foreign sources. Applicants shall state on Form IT- or FC-419, where applicable, that the proposed exportation covers commodities which have been produced from non-U. S. origin materials under a toll or conversion agreement.

(4) *Validity period.* Licenses to export the copper materials covered by this paragraph, except licenses for copper materials to be exported under toll or conversion agreements, will be issued for a validity period not to exceed two months.

(5) *Amendments to export licenses.* Except for export licenses issued under toll or conversion agreements, no amendments requesting an extension of the validity period of the license will be granted for export licenses issued under this procedure.

2. Section 380.2 *Amendments or alterations of licenses*, paragraph (f) *Where to file* is amended in the following particulars:

Subdivision (iv) of subparagraph (3) *Amendment requests on which field offices may not take action* is amended to read as follows:

(iv) Requests for amendments or extensions for aluminum scrap (Schedule B No. 630050), refined copper in cathodes, billets, ingots, wire bars and other crude forms, including anodes (Schedule B No. 641200), copper scrap (Schedule B No. 641300), and copper base alloy scrap (Schedule B No. 644000).

3. Part 380—Amendments, Extensions, Transfers is amended by adding a new section, § 380.5, to read as follows:

§ 380.5 *Amendments to licenses issued for the exportation of refined copper, copper scrap and copper-base alloy scrap.* Except for export licenses issued under toll or conversion agreements, export licenses issued under the provisions of § 373.41 (g) of this subchapter may not be amended to grant an extension of the validity period of the license.

(Sec. 3, 63 Stat. 7; 65 Stat. 43; 67 Stat. 62; 50 U. S. C. App. Supp. 2023. E. O. 9630, Sept. 27, 1945, 10 F. R. 12245, 3 CFR, 1945 Supp.; E. O. 9919, Jan. 3, 1948, 13 F. R. 59, 3 CFR, 1948 Supp.)

This amendment shall become effective as of October 19, 1954.

THOMAS R. WILSON,
Acting Director,
Bureau of Foreign Commerce.

[F. R. Doc. 54-8285; Filed, Oct. 19, 1954;
10:43 a. m.]

TITLE 17—COMMODITY AND SECURITIES EXCHANGES

Chapter II—Securities and Exchange Commission

PART 230—GENERAL RULES AND REGULA- TIONS, SECURITIES ACT OF 1933

MISCELLANEOUS AMENDMENTS

Purpose of amendments. On September 9, 1954, the Commission published notice that it had under consideration proposed amendments to its rules and forms under the Securities Act of 1933 and the Securities Exchange Act of 1934, designed primarily to conform existing rules to the changes in those statutes made by Public Law 577, 83d Congress, which will be effective October 10, 1954. All interested persons were invited to comment upon the proposed amendments. The Commission has considered all comments and suggestions received and has determined to adopt the amendments in the form set forth below.

The most important change effected by Public Law 577 involves section 5 of the Securities Act of 1933. Other amendments to that statute and to the Trust Indenture Act of 1939 and the Investment Company Act of 1940 were enacted as necessary to accommodate the provisions of those acts to the amendment of section 5. The Securities Act as amended by Public Law 577 will permit the making of written offers to sell and solicitations of offers to buy during the waiting period by means of a preliminary or summary prospectus filed with the Commission prior to its use. In other respects it will expand the authority of the Commission to permit the use of written material in addition to the full prospectus in connection with the offering of securities for sale. The amendment, however, will continue to prohibit the sale of securities or the making of contracts to sell or contracts of sale prior to the effective date of the registration statement.

The amendments set forth below do not relate to the use of such summary prospectuses as may be permitted under section 10 (b), or expanded advertisements under section 2 (10) (b), of the amended statute. The nature and form of such advertisements, communications and summary prospectuses are presently under consideration by the Commission and it is expected that proposals for the adoption of appropriate rules may be published for comment within the near future.

Statutory basis. The amendments are adopted pursuant to the authority vested in the Commission by the Securities Act of 1933, particularly sections 18 and 19 (a), and the Securities Exchange Act of 1934, particularly section 23 (a), and the

Investment Company Act of 1940, particularly section 38 (a).

The text of the action follows:

I. Section 230.120 (Rule 120) is amended to read as follows:

§ 230.120 *Inspection of registration statements.* Except for material contracts or portions thereof accorded confidential treatment pursuant to § 230.485, all registration statements are available for public inspection, during business hours, at the principal office of the Commission in Washington, D. C.

II. Section 230.131 (Rule 131) is rescinded.

III. a. Section 230.132 (Rule 132) is amended by deleting the words "proposed form of prospectus" wherever such words appear in the rule and substituting therefor the words "preliminary prospectus".

b. Paragraph (b) of § 230.132 is amended by deleting the reference therein to § 230.131 and substituting therefor § 230.433.

c. Paragraph (d) (15) of § 230.132 is amended by deleting the words "offer to buy or sell" from the second sentence of the legend contained therein and substituting therefor the words "purchase or sale of".

d. The amendments mentioned in a through c read as follows:

§ 230.132 *Definition of "offer to sell," "offer for sale," "attempt or offer to dispose of," and "solicitation of an offer to buy" as used in section 2 (3) in connection with certain identifying statements—(a) General provision.* For purposes of section 5 only, sending or giving to any person or publishing an identifying statement, and communications between underwriters and dealers reasonably related to the contemplated use and distribution of an identifying statement and preliminary prospectus, shall not constitute an "offer to sell," "offer for sale," "attempt or offer to dispose of," or "solicitation of an offer to buy" as used in section 2 (3) of the act: *Provided, . . .*

(b) *Definition of "identifying statement" and "preliminary prospectus."* For the purpose of this section, the term "identifying statement" means a written communication or advertisement meeting the requirements set forth below; the term "preliminary prospectus" means a document meeting the requirements of § 230.433.

(c) *Required information. . . .*

(2) The identifying statement shall indicate from whom copies of the prospectus or preliminary prospectus may be obtained and shall include a detachable form for use in requesting such copies: *Provided, That this information need not be included in the identifying statement as filed, in which event it must be added by the person who sends, gives, or publishes the statement. The detachable form shall be substantially as follows:*

Please send me a copy of the prospectus [or preliminary prospectus] . . .

. . . .
* Parts of the adopted material are identical or similar to the proposed material published in the September 18, 1954 issue, 19 F. R. 6048.

(d) *Optional information. . . .*

(15) A legend in substantially the following form (or any part thereof):

The registration statement covering these securities is not yet effective. No purchase or sale of the securities should be made and no offer to purchase the securities will be accepted until the registration statement has become effective. The publication of this notice is no assurance that the proposed offering will be made or as to the amount of securities, if any, that will be available for distribution by this firm.

IV. Section 230.153 (Rule 153) is amended to insert "(a)" after the words "section 10" wherever they appear in that rule. The clause immediately preceding subparagraph (1) of this rule is amended as follows:

§ 230.153 *Definition of "preceded by a prospectus", as used in section 5 (b) (2), in relation to certain transactions.* (a) . . . *Provided, That as to any transaction occurring prior to the expiration of forty days after the effective date of the registration statement or the expiration of forty days after the first date upon which the security was bona fide offered to the public by the issuer or by or through an underwriter after such effective date, whichever is later (exclusive of the time during which a stop order issued under section 8 is in effect as to such security):*

V. Section 230.162 (Rule 162) is rescinded.

VI. Section 230.400 (Rule 400) is amended by adding a second sentence as follows:

§ 230.400 *Application of §§ 230.400 to 230.494. . . .* For purposes of §§ 230.400 to 230.494, except § 230.427, the term "registration statement" shall include any amendment filed pursuant to the provisions of section 24 (e) (1) of the Investment Company Act of 1940.

VII. Section 230.404 (Rule 404) is amended by adding a new paragraph (d) as follows:

§ 230.404 *Preparation of registration statement. . . .* (d) The facing page of every registration statement shall set forth the approximate date of proposed sale to the public.

VIII. Section 230.405 (Rule 405) is amended by adding a new definition:

§ 230.405 *Definitions of terms. . . .*

(q-1) *Prospectus.* Unless otherwise specified or the context otherwise requires the term "prospectus" means a prospectus meeting the requirements of section 10 (a) of the act.

IX. Section 230.411 (Rule 411), paragraph (b) is amended as follows:

§ 230.411 *Incorporation of certain information by reference. . . .*

(b) Any financial statement or part thereof filed with the Commission pursuant to any act administered by the Commission may be incorporated by reference in any registration statement if it substantially conforms to the requirements of the appropriate form and is not required to be included in the prospectus. However, a financial schedule incorporated by reference to an annual report

filed with the Commission pursuant to any act administered by it need not be certified, if such schedule was not required to be certified in connection with the filing of the annual report, any requirement of any registration form to the contrary notwithstanding.

X. Section 230.413 (Rule 413) is amended as follows:

§ 230.413 *Registration of additional securities.* Except as provided in section 24 (e) (1) of the Investment Company Act of 1940, the registration of additional securities of the same class as other securities for which a registration statement is already in effect shall be effected through a separate registration statement relating to the additional securities.

XI. Section 230.414 (Rule 414) is amended by adding a second sentence as follows:

§ 230.414 *Identifying statements.* * * * Notwithstanding the foregoing, a registration statement filed pursuant to § 230.415, a registration statement relating to an exchange offering or to an offering to security holders pursuant to rights where none of the registered securities are to be offered by or through an underwriter, and a registration statement (or amendment pursuant to section 24 (e) (1) of the Investment Company Act of 1940) relating to the registration of additional securities issued by a face amount certificate company or to additional redeemable securities issued by an open-end management company or unit investment trust may, but need not, include such exhibit.

XII. a. In § 230.415 (Rule 415), paragraph (a) is amended as follows:

§ 230.415 *Competitive bidding registration statements.* (a) A registration statement covering securities to be offered at competitive bidding shall contain undertakings by the registrant (1) to file an amendment to the registration statement reflecting the results of the bidding, the terms of the reoffering and related matters to the extent required by the applicable form, not later than the first use, authorized by the registrant after the opening of the bids, of a prospectus relating to the securities offered at competitive bidding, unless no further public offering and such securities by the registrant and no reoffering thereof by the purchasers is proposed to be made, and (2) to use its best efforts to distribute prior to the opening of bids, to prospective bidders, underwriters and dealers a reasonable number of copies of a prospectus which at that time meets the requirements of section 10 (a) of the act, and relating to the securities offered at competitive bidding, as contained in the registration statement, together with any supplements thereto. Any order declaring the registration statement effective shall be deemed to declare an amendment thereto filed pursuant to the first such undertaking effective in accordance with paragraph (b) of this section.

b. Paragraph (c) of the rule is amended to delete the first sentence of

the rule, and to insert "(a)" after the words "section 10" wherever they appear in that paragraph.

XIII. Section 230.423 (Rule 423) is amended as follows:

§ 230.423 *Date of prospectuses.* Each prospectus used after the effective date of the registration statement shall be dated approximately as of such effective date: *Provided, however,* That a revised or amended prospectus used thereafter need only bear the approximate date of its issuance. Each supplement to a prospectus shall be separately dated the approximate date of its issuance.

XIV. a. In § 230.424 (Rule 424), paragraph (b) is amended as follows:

§ 230.424 *Filing of prospectuses; number of copies.* * * *

(b) Within 5 days after the effective date of a registration statement or the commencement of a public offering after the effective date of a registration statement, whichever occurs later, 25 copies of each form of prospectus used after the effective date in connection with such offering shall be filed with the Commission in the exact form in which it was used: *Provided, however,* That this paragraph shall not apply in respect of a form of prospectus contained in a registration statement and relating solely to securities offered at competitive bidding which prospectus is intended for use prior to the opening of bids.

b. Paragraph (c) of § 230.424 is amended by inserting the clause "After the effective date of a registration statement" at the beginning of the first sentence of this paragraph.

c. The first sentence of paragraph (d) of § 230.424 is revised as follows:

(d) Every prospectus consisting of a radio or television broadcast shall be reduced to writing.

d. Paragraph (e) of § 230.424 is amended as follows:

(e) Three copies of every form of prospectus sent or given to any person prior to the effective date which varies from the form of prospectus filed pursuant to paragraph (a) of this section shall be filed as part of the registration statement not later than the date such form of prospectus is first sent or given to any person. Twenty-five copies of each form of prospectus used prior to the effective date of the registration statement shall be filed with the Commission not later than the date such form of prospectus is first sent or given to any person: *Provided,* That only five such copies need be filed in respect of a form of prospectus contained in a registration statement and relating solely to securities offered at competitive bidding which prospectus is intended for use prior to the opening of bids.

XV. Section 230.427 (Rule 427) is amended as follows:

§ 230.427 *Contents of prospectuses used after 9 months.* There may be omitted from any prospectus used more than 9 months after the effective date of the registration statement any information previously required to be contained

in the prospectus insofar as later information covering the same subjects, including the latest available certified financial statements, as of a date not more than 16 months prior to the use of the prospectus is contained therein.

XVI. a. In § 230.428 (Rule 428) paragraph (b) of this rule is revised as follows: * * *

§ 230.428 *Invitations for competitive bids.* * * * (b) the communication states that prior to the acceptance of any bid, the bidder will be furnished a copy of a prospectus, which meets the requirements of section 10 (a) of the act at that time. * * *

b. This rule would be further revised by adding a third sentence as follows: "Any such form of communication to be sent or given to any person shall be filed as an exhibit to the registration statement."

XVII. Section 230.429 (Rule 429) is amended to read as follows:

§ 230.429 *Contents of prospectus when several statements in effect.* When two or more registration statements become effective for different blocks of securities of the same class, a prospectus which meets the requirements of the act and the rules and regulations of the Commission for use in connection with the securities covered by the latest registration statement will be deemed to meet such requirements for use in connection with the securities covered by the earlier registration statements, provided (except for a prospectus relating to a security currently offered by an issuer described in the last sentence of section 24 (d) of the Investment Company Act of 1940, as amended) such prospectus also contains the information contained in the earlier prospectuses with respect to (a) the underwriting, marketing and distribution arrangements, (b) the price to the public, underwriting discounts and commissions and proceeds to the registrant, and (c) the application of the proceeds.

XVIII. a. In § 230.431 (Rule 431), the first paragraph of this rule is amended as follows:

§ 230.431 *Prospectuses supplementing preliminary material supplied previously.* For the purposes of section 5 (b), a prospectus may consist of a copy of the latest proposed form of prospectus meeting the requirements of § 230.433 and a document containing such additional information that both together contain all of the information required to be included in a prospectus meeting the requirements of section 10 (a) at that time: *Provided,* That * * *

b. The rule would also be amended by deleting "and" at the end of subparagraph (2), changing the period to a semicolon and adding the word "and" at the end of subparagraph (3), and adding a fourth subparagraph as follows:

(4) Three copies of the document have been filed as a part of the registration statement, and, in addition, five additional copies shall be filed with the Commission prior to its use.

XIX. Section 230.432 (Rule 432) is adopted as follows:

§ 230.432 *Application of amendments to rules governing contents of prospectuses.* (a) The form and contents of any prospectus need conform only to the applicable rules in effect, and contain the information including financial statements specified therein, at the time the registration statement became effective (or, if amended pursuant to the provisions of section 24 (e) of the Investment Company Act of 1940 as amended, the effective date of the latest such amendment which contains a revised prospectus) notwithstanding subsequent amendments to such rules, except as otherwise provided in any such amendment or in paragraph (b) of this section.

(b) When a stop order entered under section 8 (d) ceases to be effective as to a registration statement, the form and contents of any prospectus used thereafter for securities covered by such statement shall conform to the applicable rules in effect at the date such stop order ceases to be effective.

XX. Section 230.433 (Rule 433) is adopted as follows:

§ 230.433 *Prospectus for use prior to effective date.* A form of prospectus filed as a part of the registration statement shall be deemed to meet the requirements of section 10 of the act for the purpose of section 5 (b) (1) thereof prior to the effective date of the registration statement, provided the following conditions are met:

(a) Such form of prospectus contains substantially the information required by the act and the rules and regulations thereunder to be included in a prospectus meeting the requirements of section 10 (a) of the act for the securities being registered, or contains substantially that information except for the omission of price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds, conversion rates, call prices, or other matters dependent upon the offering price, and

(b) The outside front cover page of such form of prospectus shall bear, in red ink, the caption "Preliminary Prospectus," the date of its issuance, and the following statement printed in type as large as that generally in the body thereof:

A registration statement relating to these securities has been filed with the Securities and Exchange Commission, but has not yet become effective. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy in any State in which such offer or solicitation would be unlawful prior to registration or qualification under the securities laws thereof.

XXI. In § 230.457 (Rule 457), paragraph (a) is amended as follows:

§ 230.457 *Computation of fee.* (a) At the time of filing a registration state-

ment, or any amendment thereto pursuant to the provisions of section 24 (e) (1) of the Investment Company Act of 1940 as amended, the registrant shall pay to the Commission a fee of one one-hundredth of 1 percent of the maximum aggregate price at which the securities are proposed to be offered, but in no case shall such fee be less than \$25.

XXII. Section 230.460 (Rule 460) is adopted as follows:

§ 230.460 *Preparation and distribution of preliminary prospectus.* (a) Pursuant to the statutory requirement that the Commission in ruling upon requests for acceleration of the effective date of a registration statement shall have due regard to the adequacy of the information respecting the issuer theretofore available to the public, the Commission will consider whether the persons making the offering have taken reasonable steps to make the information contained in the registration statement conveniently available to underwriters and dealers who it is reasonably anticipated will be invited to participate in the distribution of the security to be offered or sold.

(b) As a minimum, reasonable steps to make the information conveniently available would involve the distribution, to each underwriter and dealer who it is reasonably anticipated will be invited to participate in the distribution of the security, a reasonable time in advance of the anticipated effective date of the registration statement, of as many copies of the proposed form of preliminary prospectus permitted by § 230.433 as appears to be reasonable to secure adequate distribution of the preliminary prospectus.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, in the event that the form of preliminary prospectus, which has been distributed by the issuer or underwriter, is found to be inaccurate or inadequate in material respects, acceleration of the effective date of a registration statement will not be granted until the Commission has received satisfactory assurance that appropriate correcting material has been sent to all underwriters and dealers who received such preliminary prospectus or prospectuses in quantity sufficient for their information and the information of others to whom the inaccurate or inadequate material was sent.

(d) Notwithstanding the provisions of paragraphs (a) to (c) of this section, the granting of acceleration will not be conditioned upon the distribution of a preliminary prospectus in any State where such distribution would be illegal.

(e) Notwithstanding the provisions of paragraphs (a) to (d) of this section, the granting of acceleration will not be conditioned upon the distribution of a preliminary prospectus (1) in the case of a registration statement relating solely to securities to be offered at competitive bidding, provided the undertaking in paragraph (a) (2) of § 230.415 is included in the registration statement, or (2) in the case of a registration state-

ment relating to securities currently offered by an issuer described in the last sentence of section 24 (d) of the Investment Company Act of 1940 as amended.

(f) In addition, in passing upon requests for acceleration, the Commission will consider whether there has been a bona fide effort to make the prospectus reasonably concise and readable, so as to facilitate an understanding of the information required or permitted to be contained in the prospectus.

XXIII. Section 230.461 (Rule 461) is adopted as follows:

§ 230.461 *Requests for acceleration of effective date of registration statement.* Requests for acceleration of the effective date of a registration statement shall be made in writing by the registrant, the managing underwriters of the proposed issue, and the selling security holders, if any. Such requests should also state the date upon which it is desired the registration statement becomes effective.

XXIV. Section 230.470 (Rule 470) is expanded by deleting the period at the end thereof and adding the following clause, "except that an amendment filed pursuant to section 24 (e) (1) of the Investment Company Act of 1940 shall conform to the appropriate form for registration in effect at the time of filing of the amendment."

XXV. In § 230.473 (Rule 473), the first sentence is amended by deleting "offering" and substituting therefor "sale" to read as follows:

§ 230.473 *Delaying amendments.* An amendment altering the proposed date of the public sale may be made by telegram or by letter. * * *

XXVI. In § 230.478 (Rule 478), subparagraph (1) of paragraph (a) is amended as follows:

§ 230.478 *Powers to amend or withdraw registration statement.* * * * (a) * * * (1) by filing of a delaying amendment as provided in Rule 473; * * *

XXVII. In § 230.494 (Rule 494), the first sentence of paragraph (a) is revised as follows:

§ 230.494 *Newspaper prospectuses.* (a) This section shall apply only to newspaper prospectuses relating to securities, as to which a registration statement has become effective, issued by a foreign national government with which the United States maintains diplomatic relations. * * *

The foregoing action shall be effective as of the opening of business on October 11, 1954.

(Sec. 19, 48 Stat. 85 as amended; 15 U. S. C. 77a. Interpret or apply sec. 23, 48 Stat. 901, as amended, sec. 38, 54 Stat. 841, 15 U. S. C. 78w, 80a-37)

By the Commission.

[SEAL]

ORVAL L. DuBois,
Secretary.

OCTOBER 8, 1954.

[F. R. Doc. 54-8217; Filed, Oct. 19, 1954; 8:49 a. m.]