f. V–224 is amended to read:

V–224 From Carleton, Mich., to INT of Carleton 082° and Windsor, Ont., Canada, 100° radials. The airspace within Canada is excluded.

g. In V–810 "Windsor, Ontario, Canada; Erie, Pa.;" is deleted and "INT of Litchfield 081° and Windsor, Ont., Canada, 265° radials; Windsor; INT Windsor 100° and Erie, Pa., 275° radials; Erie;" is substituted therefor.

h. In V–880 "Windsor, Ontario, Canada;" is deleted and "INT of Erie 275° and Windsor, Ont., Canada, 100° radials; Windsor;" is substituted therefor.

2. Section 75.100 (29 F.R. 1287, 1561, 9534) is amended as follows:

a. In Jet Route No. 43 "and the Windsor, Ont., 278° radial." is deleted and "and the Windsor, Ont., 276° radial." is substituted therefor.

b. In Jet Route No. 70 everything after "Pullman, Mich.;" is deleted and "Windsor, Ont., Canada; Erie. Pa.; Huguenot, N.Y.; to Kennedy, N.Y. The portion within Canada is excluded." is substituted therefor.

c. In Jet Route No. 85 "to the INT of the Cleveland 328° radial and the United States/Canadian Border." is deleted and "to Windsor, Ont., Canada. The portion within Canada is excluded." is substituted therefor.

d. In Jet Route No. 90 everything after "Northbrook;" is deleted and "INT of the Northbrook 093° and the Windsor, Ont., Canada, 263° radials; to the INT of the Windsor 263° radial and the United States/Canadian Border." is substituted therefor.

e. In Jet Route No. 91 "to the INT of the Cleveland 328° radial and the United States/Canadian Border." is deleted and "to Windsor, Ont., Canada. The portion within Canada is excluded." is substituted therefor.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348)

Issued in Washington, D.C., on October 19, 1964.

H. B. HELSTROM,
Acting Chief, Airspace Regulations and Procedures Division.

[F.R. Doc. 64–10881; Filed, Oct. 26, 1964; 8:45 a.m.]

[Airspace Docket No. 63–WE–75]

PART 75—ESTABLISHMENT OF JET ROUTES [NEW]

Alteration of Jet Route

On September 25, 1963, a notice of proposed rule making was published in the FEDERAL REGISTER (28 F.R. 10383) stating that the Federal Aviation Agency (FAA) proposed to alter the Denver, Colo., VORTAC to O'Neill, Nebr., VORTAC segment of Jet Route No. 30 to read from the Denver VORTAC via the Sidney, Nebr., VOR to the O'Neill VORTAC.

Interested persons were afforded an opportunity to participate in the rule making through submission of comments. Due consideration was given to all relevant matter presented.

The Air Transport Association of America (ATA), while concurring in the proposal, suggested that the direct route be retained from Denver to O'Neill for use by those flights wishing to operate at and above flight level 270. After careful consideration the Agency has determined that it is desirable to retain the existing alignment of J–30 as well as to provide an additional route via Sidney as proposed in the notice for aircraft operations between flight level 180 and flight level 260.

In consideration of the foregoing, Part 75 [New] of the Federal Aviation Regulations is amended, effective 0001 e.s.t., December 10, 1964, as hereinafter set forth.

In § 75.100 (29 F.R. 1287, 11915), Jet Route No. 10 is amended as follows: In the caption "Denver, Colo." is deleted, and "O'Neill, Nebr." is substituted therefor. In the text, "Gunnison, Colo., to Denver, Colo." is deleted and "Gunnison, Colo.; Denver, Colo.; Sidney, Nebr.; to O'Neill, Nebr." is substituted therefor.

(Sec. 307(a), Federal Aviation Act of 1958; 49 U.S.C. 1348)

Issued in Washington, D.C., on October 19, 1964.

H. B. HELSTROM,
Acting Chief, Airspace Regulations and Procedures Division.

[F.R. Doc. 64–10882; Filed, Oct. 26, 1964; 8:45 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket No. C–846]

PART 13—PROHIBITED TRADE PRACTICES

Alfred Boge Furriers and Alfred Boge

Subpart—Advertising falsely or misleadingly: § 13.155 *Prices:* 13.155–70 Percentage savings. Subpart—Invoicing products falsely: §13.1108 *Composition:* 13.1108–45 Fur Products Labeling Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 *Composition:* 13.1845–30 Fur Products Labeling Act; § 13.1852 *Formal regulatory and statutory requirements:* 13.1852–35 Fur Products Labeling Act; § 13.1865 *Manufacture or preparation:* 13.1865–40 Fur Products Labeling Act; § 13.1900 *Source or origin:* 13.1900–40 Fur Products Labeling Act: 13.1900–40 (b) Place.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 179; 15 U.S.C. 45, 69f) [Cease and desist order, Alfred Boge Furriers, et al., Spokane, Wash., Docket C–846, Oct. 7, 1964]

In the Matter of Alfred Boge Furriers, a Corporation, and Alfred Boge, Individually and as an Officer of Said Corporation

Consent order requiring retail furriers in Spokane, Wash., to cease violating the Fur Products Labeling Act by such practices as failing, in invoicing and advertising, to show the true animal name of fur used in fur products and to use the term "natural" to describe fur that was not artificially colored; abbreviating required information on invoices; failing, in newspaper advertising, to disclose when fur was bleached or dyed and to show the country of origin of imported furs; and representing falsely that purchasers could "Save 20–30% on our entire collection"; and failing to keep adequate records as a basis for pricing claims.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Alfred Boge Furriers, a corporation, and its officers, and Alfred Boge, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the sale, advertising, offering for sale, transportation, or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices to purchasers of fur products showing in words and figures plainly legible all the information required to be disclosed in each of the subsections of section 5(b)(1) of the Fur Products Labeling Act.

2. Setting forth information required under section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form.

3. Failing to set forth the term "natural" as part of the information required to be disclosed on invoices under the Fur Products Labeling Act and rules and regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

B. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement or notice which is intended to aid, promote, or assist, directly or indirectly, in the sale, or offering for sale of any fur products, and which:

1. Fails to set forth in words and figures plainly legible all the information required to be disclosed by each of the subsections of section 5(a) of the Fur Products Labeling Act.

2. Fails to set forth the term "natural" as part of the information required to be disclosed in advertisements under the Fur Products Labeling Act and the rules and regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

3. Misrepresents in any manner the savings available to purchasers of respondents' fur products.

4. Falsely or deceptively represents in any manner that prices of respondents' fur products are reduced.

5. Represents directly or by implication through percentage savings claims that prices of fur products are reduced to afford purchasers of respondents' fur products the percentage of savings stated when the prices of such fur products are not reduced to afford to purchasers the percentage of savings stated.

C. Making claims and representations of the types covered by subsections (a), (b), (c), and (d) of Rule 44 of the rules and regulations promulgated under the Fur Products Labeling Act unless there are maintained by respondents full and adequate records disclosing the facts upon which such claims and representations are based.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: October 7, 1964.

By the Commission.

[SEAL] JOSEPH W. SHEA, *Secretary.*

[F.R. Doc. 64-10887; Filed, Oct. 26, 1964; 8:46 a.m.]

[Docket No. C-845]

PART 13—PROHIBITED TRADE PRACTICES

History Book Club, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.15 *Business status, advantages, or connections:* § 13.15-25 Concealed subsidiary, fictitious collection agency, etc. Subpart—Threatening suits, not in good faith: § 13.2264 *Delinquent debt collection.* Subpart—Using misleading name—vendor: § 13.2365 *Concealed subsidiary, fictitious collection agency, etc.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, The History Book Club, Inc., et al., Docket C-845, Oct. 7, 1964]

In the Matter of The History Book Club, Inc., a Corporation, and Frank Melville and John R. Gibb, Individually and as Officers of Said Corporation

Consent order requiring book sellers in Stamford, Conn., to cease representing falsely, in letters and notices to purportedly delinquent customers that if payment was not made, the delinquent's name was transmitted to an independent credit reporting agency and his credit rating would be adversely affected, or it would be turned over to an outside attorney for legal steps; and by use of the fictitious letterhead "The Mail Order Credit Reporting Association, Inc.", that a separate collection agency of that name was handling the account.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondent The History Book Club, Inc., a corporation, and its officers, and Frank Melville and John R. Gibb individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of books, publications or other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing directly or by implication that:

1. A customer's name will be or has been turned over to a bona fide credit reporting agency or that a customer's general or public credit rating will be adversely affected unless respondents establish that where payment is not received the information of said delinquency is referred to a separate, bona fide credit reporting agency.

2. Delinquent accounts will be or have been turned over to a bona fide, separate collection agency unless respondents in fact turn such accounts over to such agencies.

3. Delinquent accounts will be turned over to an attorney to institute suit or other legal action where payment is not made, unless respondents establish that such is the fact.

4. Delinquent accounts will be or have been turned over to "The Mail Order Credit Reporting Association, Inc." for collection or any other purpose.

5. "The Mail Order Credit Reporting Association, Inc.", any other fictitious name, or any trade name owned in whole or in part by respondents or over which respondents exercise any direction or control is an independent, bona fide collection or credit reporting agency.

6. Letters, notices or other communications in connection with the collection of respondents' accounts which have been prepared or originated by respondents, have been prepared or originated by any other person, firm or corporation.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: October 7, 1964.

By the Commission.

[SEAL] JOSEPH W. SHEA, *Secretary.*

[F.R. Doc. 64-10888; Filed, Oct. 26, 1964; 8:46 a.m.]

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

PART 15—CEREAL FLOURS AND RELATED PRODUCTS; DEFINITIONS AND STANDARDS OF IDENTITY

Subpart A—Wheat Flour and Related Products

FLOUR, DURUM FLOUR, WHOLE WHEAT FLOUR; ORDER AMENDING IDENTITY STANDARDS

In the matter of amending the identity standards for flour and whole wheat flour (21 CFR 15.1, 15.80), to provide for increases in the malted barley flour content, and flour and durum flour (21 CFR 15.1, 15.40), to permit coarser granulation and prescribe testing methods.

The Commissioner of Food and Drugs has considered the comments filed in response to the notice of proposed rulemaking in the above-identified matter, published in the FEDERAL REGISTER of June 6, 1964 (29 F.R. 7392), and other relevant information, and has concluded that it will promote honesty and fair dealing in the interest of consumers to adopt the amendments as proposed, with minor editorial changes.

Therefore, pursuant to the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (secs. 401, 701, 52 Stat. 1046, 1055, as amended 70 Stat. 919, 72 Stat. 948; 21 U.S.C. 341, 371) and delegated by him to the Comissioner (21 CFR 2.90; 29 F.R. 471); *It is ordered,* That the identity standards for flour, durum flour, and whole wheat flour be amended as follows:

1. Section 15.1 is amended by changing the introduction to paragraph (a) and by adding to paragraph (c) a new subparagraph (4). The affected portions read as follows:

§ 15.1 Flour, white flour, wheat flour, plain flour; identity; label statement of optional ingredients.

(a) Flour, white flour, wheat flour, plain flour, is the food prepared by grinding and bolting cleaned wheat, other than durum wheat and red durum wheat. To compensate for any natural deficiency of enzymes, malted wheat, malted wheat flour, malted barley flour, or any combination of two or more of these, may be used; but the quantity of malted barley flour so used is not more than 0.75 percent. When tested for granulation as prescribed in paragraph (c)(4) of this section, not less than 98 percent of the flour passes through a cloth having openings not larger than those of woven wire cloth designated "210 micron (No. 70)" in Table I of "Standard Specification for Sieves," published March 1, 1940, in L. C. 584 of the United States Department of Commerce, National Bureau of Standards. The flour is freed from bran coat, or bran coat and germ, to such extent that the percent of ash therein, calculated to a moisture-free basis, is not more than the sum of $\frac{1}{20}$ of the percent of protein therein, calculated to a moisture-free basis, plus 0.35. Its moisture content is not more than 15 percent. Unless such addition conceals damage or inferiority or makes the flour appear to be better or of greater value than it is, one or any combination of two or more of the following optional bleaching ingredients may be added in a quantity not more than sufficient for bleaching or, in case such ingredient has an artificial aging effect, in a quantity not more than sufficient for bleaching and such artificial aging effect:

* * * * *

(c) * * *

(4) Granulation is determined as follows: Use No. 70 sieve complying with specifications for wire cloth and sieve frames in "Standard Specifications for

Sieves," published March 1, 1940, in L. C. 584 of the United States Department of Commerce, National Bureau of Standards. Attach bottom pan to sieve in Ro-Tap sifter (or an equivalent sifter). Place half of a rubber ball or other sieving aid in the sieve. Pour 100 grams of the sample in the sieve and turn on the sifter with knocker. Sift exactly 5 minutes. Weigh the residue on the No. 70 sieve and convert to percentage.

2. Section 15.40 is amended to read as follows:

§ 15.40 Durum flour; identity.

(a) Durum flour is the food prepared by grinding and bolting cleaned durum wheat. When tested for granulation as prescribed in § 15.1(c)(4), not less than 98 percent of such flour passes through the No. 70 sieve. It is freed from bran coat, or bran coat and germ, to such extent that the percent of ash therein, calculated to a moisture-free basis, is not more than 1.5 percent. Its moisture content is not more than 15 percent.

(b) For the purpose of this section, ash, moisture, and granulation are determined by the methods prescribed in § 15.1(c).

3. Section 15.80 is amended by changing paragraph (a) to read as follows:

§ 15.80 Whole wheat flour, graham flour, entire wheat flour; identity; label statement of optional ingredients.

(a) Whole wheat flour, graham flour, entire wheat flour, is the food prepared by so grinding cleaned wheat, other than durum wheat and red durum wheat that, when tested by the method prescribed in paragraph (c)(2) of this section, not less than 90 percent passes through a No. 8 sieve and not less than 50 percent passes through a No. 20 sieve. The proportions of the natural constituents of such wheat, other than moisture, remain unaltered. To compensate for any natural deficiency of enzymes, malted wheat, malted wheat flour, malted barley flour, or any combination of two or more of these, may be used; but the quantity of malted barley flour so used is not more than 0.75 percent. The moisture content of whole wheat flour is not more than 15 percent. Unless such addition conceals damage or inferiority or makes the whole wheat flour appear to be better or of greater value than it is, the optional bleaching ingredient azodicarbonamide (complying with the requirements of section 121.1085 of this chapter, including the quantitative limit of not more than 45 parts per million), or chlorine dioxide, or chlorine, or a mixture of nitrosyl chloride and chlorine may be added in a quantity not more than sufficient for bleaching and artificial aging effects.

* * * * *

Because of the cross-references, amendments to §§ 15.1 and 15.80 in this order are applicable to other identity standards as follows:

The amendments ordered for § 15.1 become applicable to: § 15.10 *Enriched flour* * * *; § 15.20 *Bromated flour* * * *; § 15.30 *Enriched bromated flour* * * *; § 15.50 *Self-rising flour* * **; § 15.60 *Enriched self-rising flour* * * *; and § 15.70 *Phosphated flour* * * *.

The amendments ordered for § 15.80 become applicable to: § 15.90 *Bromated whole wheat flour* * * * and § 15.100 *Whole durum wheat flour* * * *.

Any person who will be adversely affected by the foregoing order may at any time within 30 days from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington, D.C., 20201, written objection thereto, preferably in quintuplicate. Objections shall show wherein the person filing will be adversely affected by the order and specify with particularity the provisions of the order deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing, and such objections must be supported by grounds legally sufficient to justify the relief sought. Objections may be accompanied by a memorandum or brief in support thereof.

Effective date. This order shall become effective 60 days from the date of its publication in the FEDERAL REGISTER, except as to any provisions that may be stayed by the filing of proper objections. Notice of the filing of objections or lack thereof will be announced by publication in the FEDERAL REGISTER.

(Secs. 401, 701, 52 Stat. 1046, 1055, as amended 70 Stat. 919, 72 Stat. 948; 21 U.S.C. 341, 371)

Dated: October 19, 1964.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 64-10926; Filed, Oct. 26, 1964; 8:49 a.m.]

PART 121—FOOD ADDITIVES

Subpart C—Food Additives Permitted in Feed and Drinking Water of Animals or for the Treatment of Food-Producing Animals

Subpart D—Food Additives Permitted in Food for Human Consumption

PART 146a—CERTIFICATION OF PENICILLIN AND PENICILLIN-CONTAINING DRUGS

Procaine Penicillin G, Dihydrostreptomycin Sulfate, Prednisone Acetate

1. The Commissioner of Food and Drugs, having evaluated the data submitted in a petition (FAP 1163), filed by Shering Corporation, Bloomfield, New Jersey, and other relevant material, has concluded that § 121.249 should be amended to provide for the use of an additional formulation for use in milk-producing animals. Therefore, pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409(c)(1), 72 Stat. 1786; 21 U.S.C. 348(c)(1)), and under the authority delegated to the Commissioner by the Secretary of Health, Education, and Welfare (21 CFR 2.90; 29 F.R. 471), § 121.249 is amended by adding to paragraph (a) a new subparagraph (4), as follows:

§ 121.249 Food additives for use in milk-producing animals.

* * * * *

(a) * * *

(4)(i) It contains the following in each 8 grams of suspension:

Ingredients:	*Quantity*
Prednisone acetate	4 mg.
Procaine penicillin G	100,000 units.
Dihydrostreptomycin (sulfate).	300 mg.
Methylparaben	0.1%.
Propylparaben	0.025%.
Vehicle: Peanut oil containing 2% aluminum monostearate; 6.3% polyoxyethylene sorbitan tristearate.	*Inert propellant* Dichlorodifluoromethane; dichlorotetrafluoroethane; nitrogen.

Treat cows with dosage consisting of 8 grams of suspension, expressed as a metered dose, from pressurized containers in each infected quarter immediately after milking, and allow to remain in the quarter until the next milking. Repeat at 12-hour intervals if necessary.

(ii) Milk that has been taken from animals during treatment and for 72 hours (6 milkings) after the latest treatment must not be used for food.

(Sec. 409(c)(1), 72 Stat. 1786; 21 U.S.C. 348(c)(1))

2. The Commissioner of Food and Drugs has further concluded, based upon an evaluation of the data before him and proceeding under the authority of the Federal Food, Drug, and Cosmetic Act (sec. 409(c)(4), 72 Stat. 1786; 21 U.S.C. 348(c)(4)), that where milk-producing animals are treated for bovine mastitis in accordance with § 121.249(a)(4), zero tolerance limitations are required for the formulation ingredients prednisone, methylparaben, and propylparaben, in order to assure that milk from treated animals is safe for human consumption. Zero tolerances have been previously established for residues of penicillin and dihydrostreptomycin in milk. Therefore, Subpart D is amended by adding thereto the following new sections:

§ 121.1157 Prednisone.

A tolerance of zero is established for residues prednisone in milk from dairy animals.

§ 121.1158 Methylparaben.

A tolerance of zero is established for residues of methylparaben in milk from dairy animals.

§ 121.1159 Propylparaben.

A tolerance of zero is established for residues of propylparaben in milk from dairy animals.

(Sec. 409(c)(4), 72 Stat. 1786; 21 U.S.C. 348(c)(4))

3. Under the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug and Cosmetic Act (sec. 507, 59 Stat. 463 as amended; 21 U.S.C. 357) and delegated to the Commissioner of Food and Drugs by the Secretary (21 CFR 2.90; 29 F.R.

471), the regulations for the certification of penicillin and penicillin-containing drugs are amended as follows:

Section 146a.57(a)(2) is amended by adding thereto a new sentence as indicated below. As amended, this subparagraph reads:

§ 146a.57 Procaine penicillin and streptomycin in oil; procaine penicillin and dihydrostreptomycin in oil.

(a) * * *

(2) It may contain cortisone or a suitable derivative of cortisone, a suitable and harmless salt of cobalt and/or one or more suitable sulfonamides and papain, if it is intended solely for udder instillations of cattle, each of which, if its name is recognized in the U.S.P. or N.F., conforms to the standards prescribed therefor by such official compendium. If it is intended solely for udder instillations of cattle it may be packaged in containers with one or more suitable inert gases.

* * * * *

Any person who will be adversely affected by the foregoing order may at any time within 30 days from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by the order and specify with particularity the provisions of the order deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Effective date. This order shall be effective on the date of its publication in the FEDERAL REGISTER.

(Secs. 409(c)(1), (4), 507, 72 Stat. 1786; 59 Stat. 463 as amended; 21 U.S.C. 348(c)(1), (4), 357)

Dated: October 19, 1964.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 64-10927; Filed, Oct. 26, 1964; 8:49 a.m.]

PART 121—FOOD ADDITIVES

Subpart D—Food Additives Permitted in Food for Human Consumption

SYNTHETIC FLAVORING SUBSTANCES AND ADJUVANTS

The Commissioner of Food and Drugs proposed on May 27, 1964 (29 F.R. 6957), a regulation specifying the safety in food of a number of synthetic substances used as flavors or flavor adjuvants. No comments were received which related to questions of safety. The comments received relative to nomenclature have been duly noted.

The Commissioner has concluded that the regulation should be adopted as proposed, except that changes have been made in the names of some of the items included in the original list to effect uniformity with recognized conventions of chemical nomenclature adopted by the American Chemical Society, and the item "Alginates, sodium, calcium, and ammonium" has been deleted, since these substances are generally recognized as safe in food, and require no listing.

Therefore, pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409(d), 72 Stat. 1787; 21 U.S.C. 348(d)), and under the authority delegated to the Commissioner by the Secretary of Health, Education, and Welfare (21 CFR 2.90; 29 F.R. 471), Part 121 is amended by adding a new section to Subpart D, as follows:

§ 121.1164 Synthetic flavoring substances and adjuvants.

Synthetic flavoring substances and adjuvants may be safely used in food in accordance with the following conditions.

(a) They are used in the minimum quantity required to produce their intended effect, and otherwise in accordance with all the principles of good manufacturing practice.

(b) They consist of one or more of the following, used alone or in combination with flavoring substances and adjuvants generally recognized as safe in food, prior-sanctioned for such use, or regulated by an appropriate section in Subpart D of the food additive regulations.

Acetal; acetaldehyde diethyl acetal.
Acetaldehyde phenethyl propyl acetal.
Acetanisole; 4'-methoxyacetophenone.
Adipic acid; 1,4-butanedicarboxylic acid.
Alginates, sodium, calcium and ammonium.
Allyl anthranilate.
Allyl cinnamate.
Allyl cyclohexaneacetate.
Allyl cyclohexanebutyrate.
Allyl cyclohexanehexanoate.
Allyl cyclohexanepropionate.
Allyl cyclohexanevalerate.
Allyl disulfide.
Allyl 2-ethylbutyrate.
Allyl α-ionone; 1-(2,6,6-trimethyl-2-cyclohexen-1-yl)-1,6-heptadiene-3-one.
Allyl isothiocyanate; mustard oil.
Allyl isovalerate.
Allyl mercaptan; 2-propene-1-thiol.
Allyl nonanoate.
Allyl octanoate.
Allyl phenoxyacetate.
Allyl phenylacetate.
Allyl propionate.
Allyl sorbate; allyl 2,4-hexadienoate.
Allyl sulfide.
Allyl tiglate; allyl *trans*-2-methyl-2-butenoate.
Allyl 10-undecenoate.
Ammonium isovalerate.
Ammonium sulfide.
Amyl alcohol; pentyl alcohol.
Amyl butyrate.
α-Amylcinnamaldehyde.
α-Amylcinnamaldehyde dimethyl acetal.
α-Amylcinnamyl acetate.
α-Amylcinnamyl alcohol.
α-Amylcinnamyl formate.
α-Amylcinnamyl isovalerate.
Amyl formate.
Amyl heptanoate.
Amyl hexanoate.
Amyl octanoate.
Anisole; methoxybenzene.
Anisyl acetate.
Anisyl alcohol; *p*-methoxybenzyl alcohol.
Anisyl butyrate.
Anisyl formate.
Anisyl propionate.
Benzaldehyde dimethyl acetal.
Benzaldehyde glyceryl acetal; 2-phenyl-*m*-dioxan-5-ol.
Benzaldehyde propylene glycol acetal; 4-methyl-2-phenyl-*m*-dioxolane.
Benzoin; 2-hydroxy-2-phenylacetophenone.
Benzophenone; diphenylketone.
Benzyl acetate.
Benzyl acetoacetate.
Benzyl alcohol.
Benzyl benzoate.
Benzyl butyrate.
Benzyl cinnamate.
Benzyl 2,3-dimethylcrotonate; benzyl methyl tiglate.
Benzyl formate.
3-Benzyl-4-heptanone; benzyl dipropyl ketone.
Benzyl isobutyrate.
Benzyl isovalerate.
Benzyl mercaptan; α-toluenethiol.
Benzyl methoxyethyl acetal; acetaldehyde benzyl β-methoxyethyl acetal.
Benzyl phenylacetate.
Benzyl propionate.
Benzyl salicylate.
Birch tar oil.
Borneol; *d*-camphanol.
Bornyl acetate.
Bornyl formate.
Bornyl isovalerate.
Bornyl valerate.
2-Butanone; methyl ethyl ketone.
Butter acids.
Butter esters.
Butter starter distillate.
Butyl acetate.
Butyl acetoacetate.
Butyl alcohol; 1-butanol.
Butyl anthranilate.
Butyl butyrate.
Butyl butyryllactate; lactic acid, butyl ester, butyrate.
α-Butylcinnamaldehyde.
Butyl cinnamate.
Butyl 2-decenoate.
Butyl formate.
Butyl heptanoate.
Butyl hexanoate.
Butyl *p*-hydroxybenzoate.
Butyl isobutyrate.
Butyl isovalerate.
Butyl lactate.
Butyl laurate.
Butyl levulinate.
Butyl phenylacetate.
Butyl propionate.
Butyl stearate.
Butyl sulfide.
Butyl 10-undecenoate.
Butyl valerate.
Butyraldehyde.
Butyrin; tributyrin; glyceryl tributyrate.
Cadinene.
Camphene; 2,2-dimethyl-3-methylenenorbornane.
d-Camphor.
Carvacrol; 2-*p*-cymenol.
Carveol; *p*-mentha-6,8-dien-2-ol.
Carvacryl ethyl ether; 2-ethoxy-*p*-cymene.
4-Carvomenthenol; 1-*p*-menthen-4-ol; 4-terpinenol.
Carvyl acetate.
Carvyl propionate.
β-Caryophyllene.
Cinnamaldehyde ethylene glycol acetal.
Cinnamic acid.
Cinnamyl acetate.
Cinnamyl alcohol; 3-phenyl-2-propen-1-ol.
Cinnamyl anthranilate.
Cinnamyl butyrate.
Cinnamyl cinnamate.
Cinnamyl formate.
Cinnamyl isobutyrate.
Cinnamyl isovalerate.
Cinnamyl phenylacetate.
Cinnamyl propionate.
Citral diethyl acetal; 3,7-dimethyl-2,6-octadienal diethyl acetal.

Citral dimethyl acetal; 3,7-dimethyl-2,6-octadienal dimethyl acetal.
Citronellal; 3,7-dimethyl-6-octenal; rhodinal.
Citronellol; 3,7-dimethyl-6-octen-1-ol; *d*-citronellol.
Citronelloxyacetaldehyde.
Citronellyl acetate.
Citronellyl butyrate.
Citronellyl formate.
Citronellyl isobutyrate.
Citronellyl phenylacetate.
Citronellyl propionate.
Citronellyl valerate.
p-Cresol.
Cuminaldehyde; cuminal; *p*-isopropyl benzaldehyde.
Cyclohexaneacetic acid.
Cyclohexaneethyl acetate.
Cyclohexyl acetate.
Cyclohexyl anthranilate.
Cyclohexyl butyrate.
Cyclohexyl cinnamate.
Cyclohexyl formate.
Cyclohexyl isovalerate.
Cyclohexyl propionate.
p-Cymene.
γ-Decalactone; 4-hydroxy-decanoic acid, γ-lactone.
δ-Decalactone; 5-hydroxy-decanoic acid, δ-lactone.
Decanal dimethyl acetal.
1-Decanol; decylic alcohol.
2-Decenal.
Decyl actate.
Decyl butyrate.
Decyl propionate.
Dibenzyl ether.
4,4-Dibutyl-γ-butyrolactone; 4,4-dibutyl-4-hydroxy-butyric acid, γ-lactone.
Dibutyl sebacate.
Diethyl malate.
Diethyl sebacate.
Diethyl succinate.
Diethyl tartrate.
Dihydrocarveol; 8-*p*-menthen-2-ol; 6-methyl-3-isopropenylcyclohexanol.
Dihydrocarvyl acetate.
m-Dimethoxybenzene.
p-Dimethoxybenzene; dimethyl hydroquinone.
2,4-Dimethylacetophenone.
α,α-Dimethylbenzyl isobutyrate; phenyldimethylcarbinyl isobutyrate.
2,6-Dimethyl-5-heptenal.
2,6-Dimethyl octanal; isodecylaldehyde.
3,7-Dimethyl-1-octanol; tetrahydrogeraniol.
α,α-Dimethylphenethyl acetate; benzylpropyl acetate; benzyldimethylcarbinyl acetate.
α,α-Dimethylphenethyl alcohol; dimethylbenzyl carbinol.
α,α-Dimethylphenethyl butyrate; benzyldimethylcarbinyl butyrate.
α,α-Dimethylphenethyl formate; benzyldimethylcarbinyl formate.
Dimethyl succinate.
1,3-Diphenyl-2-propanone; dibenzyl ketone.
γ-Dodecalactone; 4-hydroxydodecanoic acid, γ-lactone.
2-Dodecenal.
Estragole.
p-Ethoxybenzaldehyde.
Ethyl acetoacetate.
Ethyl 2-acetyl-3-phenylpropionate; ethylbenzyl acetoacetate.
Ethyl aconitate, mixed esters.
Ethyl acrylate.
Ethyl *p*-anisate.
Ethyl anthranilate.
Ethyl benzoate.
Ethyl benzoylacetate.
α-Ethylbenzyl butyrate; α-phenylpropyl butyrate.
2-Ethylbutyl actate.
2-Ethylbutyraldehyde.
2-Ethylbutyric acid.
Ethyl cinnamate.
Ethyl cyclohexanepropionate.
Ethyl decanoate.
Ethyl formate.
Ethyl 2-furanpropionate.
4-Ethylguaiacol; 4-ethyl-2-methoxyphenol.
Ethyl heptanoate.
2-Ethyl-2-heptenal; 2-ethyl-3-butylacrolein.
Ethyl hexanoate.
Ethyl isobutyrate.
Ethyl isovalerate.
Ethyl lactate.
Ethyl laurate.
Ethyl levulinate.
Ethyl myristate.
Ethyl nitrite.
Ethyl nonanoate.
Ethyl 2-nonynoate; ethyl octyne carbonate.
Ethyl octanoate.
Ethyl oleate.
Ethyl phenylacetate.
Ethyl 4-phenylbutyrate.
Ethyl 3-phenylglycidate.
Ethyl 3-phenylpropionate; ethyl hydrocinnamate.
Ethyl propionate.
Ethyl pyruvate.
Ethyl salicylate.
Ethyl sorbate; ethyl 2,4-hexadienoate.
Ethyl tiglate; ethyl *trans*-2-methyl-2-butenoate.
Ethyl 10-undecenoate.
Ethyl valerate.
Eucalyptol; 1,8-epoxy-*p*-menthane; cineole.
Eugenyl benzoate.
Eugenyl formate.
Eugenyl methyl ether; 4-allylveratrole; methyl eugenol.
Farnesol; 3,7,11-trimethyl-2,6,10-dodecatrien-1-ol.
d-Fenchone; *d*-1,3,3-trimethyl-2-norbornanone.
Fenchyl alcohol; 1,3,3-trimethyl-2-norbornanol.
Formic acid.
(2-Furyl)-2-propanone; furyl acetone.
1-Furyl-2-propanone; furyl acetone.
Fusel oil, refined (mixed amyl alcohols).
Geranyl acetoacetate; *trans*-3,7-dimethyl-2,6-octadien-1-yl acetoacetate.
Geranyl benzoate.
Geranyl butyrate.
Geranyl formate.
Geranyl hexanoate.
Geranyl isobutyrate.
Geranyl isovalerate.
Geranyl phenylacetate.
Geranyl propionate.
Glucose pentaacetate.
Glyceryl monooleate.
Guaiacol; *o*-methoxyphenol.
Guaiacyl phenylacetate.
γ-Heptalactone; 4-hydroxyheptanoic acid, γ-lactone.
Heptanal; enanthaldehyde.
Heptanal dimethyl acetal.
Heptanal 1,2-glyceryl acetal.
2,3-Heptanedione; acetyl valeryl.
2-Heptanone; methyl amyl ketone.
3-Heptanone; ethyl butyl ketone.
4-Heptanone; dipropyl ketone.
Heptyl acetate.
Heptyl alcohol; enanthic alcohol.
Heptyl butyrate.
Heptyl cinnamate.
Heptyl formate.
Heptyl isobutyrate.
Heptyl octanoate.
1-Hexadecanol; cetyl alcohol.
ω-6-Hexadecenlactone; 16-hydroxy-6-hexadecenoic acid, ω-lactone; ambrettolide.
γ-Hexalactone; 4-hydroxyhexanoic acid, γ-lactone; tonkalide.
Hexanal; caproic aldehyde.
2,3-Hexanedione; acetyl butyryl.
Hexanoic acid; caproic acid.
2-Hexenal.
2-Hexen-1-ol.
3-Hexen-1-ol; leaf alcohol.
2-Hexen-1-yl acetate.
Hexyl acetate.
2-Hexyl-4-acetoxytetrahydrofuran.
Hexyl alcohol.
Hexyl butyrate.
α-Hexylcinnamaldehyde.
Hexyl formate.
Hexyl hexanoate.
Hexyl octanoate.
Hexyl propionate.
Hydroxycitronellal; 3,7-dimethyl-7-hydroxyoctanal.
Hydroxycitronellal diethyl acetal.
Hydroxycitronellal dimethyl acetal.
Hydroxycitronellol; 3,7-dimethyl-1,7-octanediol.
N-(4-Hydroxy-3-methoxybenzyl)-nonanamide; pelargonyl vanillylamide.
5-Hydroxy-4-octanone; butyroin.
4-(*p*-Hydroxyphenyl-2-butanone; *p*-hydroxybenzyl acetone.
Indole.
α-Ionone; 4-(2,6,6-trimethyl-2-cyclohexen-1-yl)-3-buten-2-one.
β-Ionone; 4-(2,6,6-trimethyl-1-cyclohexen-1-yl)-3-buten-2-one.
α-Irone; 4-(2,5,6,6-tetramethyl-2-cyclohexene-1-yl)-3-buten-2-one; 6-methyl-ionone.
Isoamyl acetate.
Isoamyl alcohol; isopentyl alcohol; 3-methyl-1-butanol.
Isoamyl benzoate.
Isoamyl butyrate.
Isoamyl cinnamate.
Isoamyl formate.
Isoamyl 2-furanbutyrate; α-isoamyl furfurylpropionate.
Isoamyl 2-furanpropionate; α-isoamyl furfurylacetate.
Isoamyl hexanoate.
Isoamyl isovalerate.
Isoamyl laurate.
Isoamyl nonanoate.
Isoamyl octanoate.
Isoamyl phenylacetate.
Isoamyl propionate.
Isoamyl pyruvate.
Isoamyl salicylate.
Isoborneol.
Isobornyl acetate.
Isobornyl formate.
Isobornyl isovalerate.
Isobornyl propionate.
Isobutyl acetate.
Isobutyl acetoacetate.
Isobutyl alcohol.
Isobutyl angelate; isobutyl *cis*-2-methyl-2-butenoate.
Isobutyl anthranilate.
Isobutyl benzoate.
Isobutyl butyrate.
Isobutyl cinnamate.
Isobutyl formate.
Isobutyl 2-furanpropionate.
Isobutyl heptanoate.
Isobutyl hexanoate.
Isobutyl isobutyrate.
α-Isobutylphenethyl alcohol; isobutyl benzyl carbinol; 4-methyl-1-phenyl-2-pentanol.
Isobutyl phenylacetate.
Isobutyl propionate.
Isobutyl salicylate.
Isobutyraldehyde.
Isobutyric acid.
Isoeugenol; 2-methoxy-4-propenylphenol.
Isoeugenyl acetate.
Isoeugenyl ethyl ether; 2-ethoxy-5-propenylanisole; ethyl isoeugenol.
Isoeugenyl formate.
Isoeugenyl methyl ether; 4-propenylveratrole; methyl isoeugenol.
Isoeugenyl phenylacetate.
α-Isomethylionone; 4-(2,6,6-trimethyl-2-cyclohexen-1-yl)-3-methyl-3-buten-2-one; methyl γ-ionone.
Isopropyl acetate.
p-Isopropylacetophenone.
Isopropyl benzoate.
p-Isopropylbenzyl alcohol; cuminic alcohol; *p*-cymen-7-ol.
Isopropyl butyrate.
Isopropyl cinnamate.
Isopropyl formate.
Isopropyl hexanoate.
Isopropyl isobutyrate.
Isopropyl isovalerate.
p-Isopropylphenylacetaldehyde; *p*-cymen-7-carboxaldehyde.

Isopropyl phenylacetate.
3-(*p*-Isopropylphenyl)-propionaldehyde; *p*-isopropylhydrocinnamaldehyde; cuminyl acetaldehyde.
Isopropyl propionate.
Isopulegol; *p*-menth-8-en-3-ol.
Isopulegone; *p*-menth-8-en-3-one.
Isopulegyl acetate.
Isoquinoline.
Isovaleric acid.
Lauric aldehyde; dodecanal.
Lauryl acetate.
Lauryl alcohol; 1-dodecanol.
Levulinic acid.
Linalyl anthranilate; 3,7-dimethyl-1, 6-octadien-3-yl anthranilate.
Linalyl benzoate.
Linalyl butyrate.
Linalyl formate.
Linalyl hexanoate.
Linalyl isobutyrate.
Linalyl isovalerate.
Linalyl octanoate.
Linalyl propionate.
Maltol; 3-hydroxy-2-methyl-4H-pyran-4-one.
p-Mentha-1,8-dien-7-ol; perillyl alcohol.
Menthol; 2-isopropyl-5-methylcyclohexanol.
Menthone; *p*-menthan-3-one.
Menthyl acetate; *p*-menth-3-yl acetate.
Menthyl isovalerate; *p*-menth-3-yl isovalerate.
o-Methoxybenzaldehyde.
p-Methoxybenzaldehyde; *p*-anisaldehyde.
o-Methoxycinnamaldehyde.
2-Methoxy-4-methylphenol; 4-methylguaiacol; 2-methoxy-*p*-cresol.
4-(*p*-Methoxyphenyl)-2-butanone; anisyl acetone.
1-(*p*-Methoxyphenyl)-1-penten-3-one; α-methylanisylidene acetone; ethone.
1-(*p*-Methoxyphenyl)-2-propanone; anisyl methyl ketone; anisic ketone.
2-Methoxy-4-vinylphenol; *p*-vinylguaiacol.
Methyl acetate.
4'-Methylacetophenone; *p*-methylacetophenone; methyl *p*-tolyl ketone.
2-Methylallyl butyrate; 2-methyl-2-propen-1-yl butyrate.
Methyl anisate.
o-Methylanisole; *o*-cresyl methyl ether.
p-Methylanisole; *p*-cresyl methyl ether; *p*-methoxytoluene.
Methyl benzoate.
α-Methylbenzyl acetate; styralyl acetate.
α-Methylbenzyl alcohol; styralyl alcohol.
α-Methylbenzyl butyrate; stralyl butyrate.
α-Methylbenzyl isobutyrate; styralyl isobutyrate.
α-Methylbenzyl formate; styralyl formate.
α-Methylbenzyl propionate; styralyl propionate.
Methyl *p*-*tert*-butylphenylacetate.
2-Methylbutyraldehyde; methyl ethyl acetaldehyde.
3-Methylbutyraldehyde; isovaleraldehyde.
Methyl butyrate.
2-Methylbutyric acid.
α-Methylcinnamaldehyde.
Methyl cinnamate.
Methylcyclopentenolone; 3-methylcyclopentane-1,2-dione.
Methyl heptanoate.
2-Methylheptanoic acid.
6-Methyl-5-hepten-2-one.
Methyl hexanoate.
Methyl 2-hexenoate.
Methyl *p*-hydroxybenzoate; methylparaben.
Methyl α-ionone; 5-(2,6,6-trimethyl-2-cyclohexen-1-yl)-4-penten-3-one.
Methyl β-ionone; 5-(2,6,6-trimethyl-1-cyclohexen-1-yl)-4-penten-3-one.
Methyl δ-ionone; 5-(2,6,6-trimethyl-3-cyclohexen-1-yl)-4-penten-3-one.
Methyl isobutyrate.
2-Methyl-3-(*p*-isopropylphenyl)-propionaldehyde; α-methyl-*p*-isopropylhydrocinnamaldehyde; cyclamen aldehyde.
Methyl isovalerate.
Methyl laurate.
Methyl mercaptan; methanethiol.
Methyl *o*-methoxybenzoate.
Methyl *N*-methylanthranilate; dimethyl anthranilate.
Methyl 2-methylthiopropionate.
Methyl 4-methylvalerate.
Methyl myristate.
Methyl β-naphthyl ketone; 2'-acetonaphthone.
Methyl nonanoate.
Methyl 2-nonenoate.
Methyl 2-nonynoate; methyloctyne carbonate.
2-Methyloctanal; methyl hexyl acetaldehyde.
Methyl octanoate.
Methyl 2-octynoate; methyl heptine carbonate.
4-Methyl-2,3-pentanedione; acetyl isobutyryl.
4-Methyl-2-pentanone; methyl isobutyl ketone.
β-Methylphenethyl alcohol; hydratropyl alcohol.
Methyl phenylacetate.
3-Methyl-4-phenyl-3-butene-2-one.
2-Methyl-4-phenyl-2-butyl acetate; dimethylphenylethyl carbinyl acetate.
2-Methyl-4-phenyl-2-butyl isobutyrate; dimethylphenyl-ethylcarbinyl isobutyrate.
3-Methyl-2-phenylbutyraldehyde; α-isopropyl phenylacetaldehyde.
Methyl 4-phenylbutyrate.
4-Methyl-1-phenyl-2-pentanone; benzyl isobutyl ketone.
Methyl 3-phenylpropionate; methyl hydrocinnamate.
Methyl propionate.
Methyl sulfide.
2-Methylthiopropionaldehyde; methional.
2-Methyl-3-tolylpropionaldehyde, mixed *o*-, *m*-, *p*-.
2-Methylundecanal; methyl nonyl acetaldehyde.
Methyl 9-undecenoate.
Methyl 2-undecynoate; methyl decyne carbonate.
Methyl valerate.
2-Methylvaleric acid.
Myrcene; 7-methyl-3-methylene-1,6-octadiene.
Myristaldehyde; tetradecanal.
d-Neomenthol; 2-isobutyl-5-methylcyclohexonol.
Nerol; *cis*-3,7-dimethyl-2,6-octadien-1-ol.
Nerolidol; 3,7,11-trimethyl-1,6,10-dodecatrien-3-ol.
Neryl acetate.
Neryl butyrate.
Neryl formate.
Neryl isobutyrate.
Neryl isovalerate.
Neryl propionate.
2,6-Nonadien-1-ol.
γ-Nonalactone; 4-hydroxynonanoic acid, γ-lactone; aldehyde C-18.
Nonanal; pelargonic aldehyde.
1,3-Nonanediol acetate, mixed esters.
Nonanoic acid; pelargonic acid.
2-Nonanone; methylheptyl ketone.
3-Nonanon-1-yl acetate; 1-hydroxy-3-nonanone acetate.
Nonyl acetate.
Nonyl alcohol; 1-nonanol.
Nonyl octanoate.
Nonyl isovalerate.
γ-Octalactone; 4-hydroxyoctanoic acid, γ-lactone.
Octanal; caprylaldehyde.
Octanal dimethyl acetal.
Octanoic acid; caprylic acid.
1-Octanol; octyl alcohol.
2-Octanol.
2-Octanone; methyl hexyl ketone.
3-Octanone; ethyl amyl ketone.
3-Octanon-1-ol.
1-Octen-3-ol; amyl vinyl carbinol.
Octyl acetate.
Octyl butyrate.
Octyl formate.
Octyl heptanoate.
Octyl isobutyrate.
Octyl isovalerate.
Octyl octanoate.
Octyl phenylacetate.
Octyl propionate.
ω-Pentadecalactone; 15-hydroxypentadecanoic acid, ω-lactone; pentadecanolide; angelica lactone.
2,3-Pentanedione; acetyl propionyl.
2-Pentanone; methyl propyl ketone.
4-Pentenoic acid.
α-Phellandrene; *p*-mentha-1,5-diene.
Phenethyl acetate.
Phenethyl alcohol; β-phenylethyl alcohol.
Phenethyl anthranilate.
Phenethyl benzoate.
Phenethyl butyrate.
Phenethyl cinnamate.
Phenethyl formate.
Phenethyl isobutyrate.
Phenethyl isovalerate.
Phenethyl phenylacetate.
Phenethyl propionate.
Phenethyl salicylate.
Phenethyl senecioate; phenethyl 3,3-dimethylacrylate.
Phenethyl tiglate.
Phenoxyacetic acid.
2-Phenoxyethyl isobutyrate.
Phenylacetaldehyde; α-toluic aldehyde.
Phenylacetaldehyde 2,3-butylene glycol acetal.
Phenylacetaldehyde dimethyl acetal.
Phenylacetaldehyde glyceryl acetal.
Phenylacetic acid; α-toluic acid.
4-Phenyl-2-butanol; phenylethyl methyl carbinol.
4-Phenyl-3-buten-2-ol; methyl styryl carbinol.
4-Phenyl-3-buten-2-one.
4-Phenyl-2-butyl acetate; phenylethyl methyl carbinyl acetate.
1-Phenyl-3-methyl-3-pentanol; phenylethyl methyl ethyl carbinol.
1-Phenyl-1-propanol; phenylethyl carbinol.
3-Phenyl-1-propanol; hydrocinnamyl alcohol.
2-Phenylpropionaldehyde; hydratropaldehyde.
3-Phenylpropionaldehyde; hydrocinnamaldehyde.
2-Phenylpropionaldehyde dimethyl acetal; hydratropic aldehyde dimethyl acetal.
3-Phenylpropionic acid; hydrocinnamic acid.
3-Phenylpropyl acetate.
2-Phenylpropyl butyrate.
3-Phenylpropyl cinnamate.
3-Phenylpropyl formate.
3-Phenylpropyl hexanoate.
2-Phenylpropyl isobutyrate.
3-Phenylpropyl isobutyrate.
3-Phenylpropyl isovalerate.
3-Phenylpropyl propionate.
2-(3-Phenylpropyl)-tetrahydrofuran.
α-Pinene; 2-pinene.
β-Pinene; 2(10)-pinene.
Pine tar oil.
Piperidine.
Piperine.
d-Piperitone; *p*-menth-1-en-3-one.
Piperonyl acetate; heliotropyl acetate.
Piperonyl isobutyrate.
Polylimonene.
Polysorbate 20; polyoxyethylene (20) sorbitan monolaurate.
Polysorbate 60; polyoxyethylene (20) sorbitan monostearate.
Polysorbate 80.
Potassium acetate.
Propenylguaethol; 6-ethoxy-*m*-anol.
Propionaldehyde.
Propyl acetate.
Propyl alcohol; 1-propanol.
p-Propyl anisole; dihydroanethole.
Propyl benzoate.
Propyl butyrate.
Propyl cinnamate.
Propyl disulfide.
Propyl formate.
Propyl 2-furanacrylate.
Propyl heptanoate.
Propyl hexanoate.
Propyl *p*-hydroxybenzoate; propylparaben.
Propyl isobutyrate.
Propyl isovalerate.

Propyl mercaptan.
α-Propylphenethyl alcohol.
Propyl phenylacetate.
Propyl propionate.
Pulegone; *p*-menth-4(8)-en-3-one.
Pyridine.
Pyroligneous acid extract.
Pyruvaldehyde.
Pyruvic acid.
Rhodinol; 3,7-dimethyl-7-octen-1-ol; *l*-citronellol.
Rhodinyl acetate.
Rhodinyl butyrate.
Rhodinyl formate.
Rhodinyl isobutyrate.
Rhodinyl isovalerate.
Rhodinyl phenylacetate.
Rhodinyl propionate.
Rum ether; ethyl oxyhydrate.
Salicylaldehyde.
Santalol, α and β.
Santalyl acetate.
Santalyl phenylacetate.
Skatole.
Sucrose octaacetate.
α-Terpineol; *p*-menth-1-en-8-ol.
Terpinolene; *p*-menth-1,4(8)-diene.
Terpinyl acetate.
Terpinyl anthranilate.
Terpinyl butyrate.
Terpinyl cinnamate.
Terpinyl formate.
Terpinyl isobutyrate.
Terpinyl isovalerate.
Terpinyl propionate.
Tetrahydrofurfuryl acetate.
Tetrahydrofurfuryl alcohol.
Tetrahydrofurfuryl butyrate.
Tetrahydrofurfuryl propionate.
Tetrahydro-pseudo-ionone; 6,10-dimethyl-9-undecen-2-one.
Tetrahydrolinalool; 3,7-dimethyloctan-3-ol.
2-Thienyl mercaptan; 2-thienylthiol.
Thymol.
Tolualdehyde glyceryl acetal, mixed *o*, *m*, *p*.
Tolualdehydes, mixed *o*, *m*, *p*.
p-Tolylacetaldehyde.
o-Tolyl acetate; *o*-cresyl acetate.
p-Tolyl acetate; *p*-cresyl acetate.
4-(*p*-Tolyl)-2-butanone; *p*-methylbenzylacetone.
p-Tolyl isobutyrate.
p-Tolyl laurate.
p-Tolyl phenylacetate.
2-(*p*-Tolyl)-propionaldehyde; *p*-methylhydratropic aldehyde.
Tributyl acetylcitrate.
2-Tridecenal.
2,3-Undecadione; acetyl nonyryl.
γ-Undecalactone; 4-hydroxyundecanoic acid γ-lactone; peach aldehyde; aldehyde C-14.
Undecenal.
2-Undecanone; methyl nonyl ketone.
9-Undecenal; undecenoic aldehyde.
10-Undecenal.
10-Undecen-1-yl acetate.
Undecyl alcohol.
Valeraldehyde; pentanal.
Valeric acid; pentanoic acid.
Vanillin acetate; acetyl vanillin.
Veratraldehyde.
Zingerone; 4-(4-hydroxy-3-methoxyphenyl)-2-butanone.

Any person who will be adversely affected by the foregoing order may at any time within 30 days from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by the order and specify with particularity the provisions of the order deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Effective date. This order shall be effective on the date of its publication in the FEDERAL REGISTER.

(Sec. 409(d), 72 Stat. 1787; 21 U.S.C. 348(d))

Dated: October 19, 1964.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 64-10928; Filed, Oct. 26, 1964; 8:49 a.m.]

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER A—INCOME TAX

[T.D. 6764]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Earnings and Profits of Controlled Foreign Corporations

On March 20, 1964, notice of proposed rule making with respect to the amendment of the Income Tax Regulations (26 CFR Part 1) to conform the regulations to section 964(a) of the Internal Revenue Code of 1954, as added by section 12(a) of the Revenue Act of 1962 (76 Stat. 1006), relating to earnings and profits of controlled foreign corporations, was published in the FEDERAL REGISTER (29 F.R. 3577). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, such regulations are amended by inserting immediately after § 1.963-7 the following new sections:

§ 1.964 Statutory provisions; miscellaneous provisions.

Sec. 964. *Miscellaneous provisions*—(a) *Earnings and profits.* For purposes of this subpart, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year shall be determined according to rules substantially similar to those applicable to domestic corporations, under regulations prescribed by the Secretary or his delegate.

* * * * *

[Sec. 964(a) as added by sec. 12(a), Rev. Act 1962 (76 Stat. 1006)]

§ 1.964-1 Determination of the earnings and profits of a foreign corporation.

(a) *In general.* For purposes of sections 951 through 964, the earnings and profits (or deficit in earnings and profits) of a foreign corporation for its taxable year shall, except as provided in paragraph (f) of this section, be computed substantially as if such corporation were a domestic corporation by—

(1) Preparing a profit and loss statement with respect to such year from the books of account regularly maintained by the corporation for the purpose of accounting to its shareholders;

(2) Making the adjustments necessary to conform such statement to the accounting principles described in paragraph (b) of this section;

(3) Making the further adjustments necessary to conform such statement to the tax accounting standards described in paragraph (c) of this section;

(4) Translating the amounts shown on such adjusted statement into United States dollars in accordance with paragraph (d) of this section; and

(5) Adjusting the amount of profit or loss shown on such translated and adjusted statement in accordance with paragraph (e) of this section to reflect any exchange gain or loss determined thereunder.

The computation described in the preceding sentence may be made by following the procedures described in subparagraphs (1) through (5) of this paragraph in an order other than the one listed, as long as the result so obtained would be the same. No adjustment shall be required under subparagraph (2) or (3) of this paragraph unless it is material. Whether an adjustment is material depends on the facts and circumstances of the particular case, including the amount of the adjustment, its size relative to the general level of the corporation's total assets and annual profit or loss, the consistency with which the practice has been applied, and whether the item to which the adjustment relates is of a recurring or merely a nonrecurring nature. For the treatment of earnings and profits whose distribution is prevented by restrictions and limitations imposed by a foreign government, see section 964(b) and the regulations thereunder.

(b) *Accounting adjustments*—(1) *In general.* The accounting principles to be applied in making the adjustments required by paragraph (a)(2) of this section shall be those accounting principles generally accepted in the United States for purposes of reflecting in the financial statements of a domestic corporation the operations of its foreign affiliates, including the following:

(i) *Clear reflection of income.* Any accounting practice designed for purposes other than the clear reflection on a current basis of income and expense for the taxable year shall not be given effect. For example, an adjustment will be required where an allocation is made to an arbitrary reserve out of current income.

(ii) *Physical assets, depreciation, etc.* All physical assets (as defined in paragraph (e)(5)(ii) of this section), including inventory when reflected at cost, shall be taken into account at historical cost computed either for individual assets or groups of similar assets. The historical cost of such an asset shall not reflect any appreciation or depreciation in its value or in the relative value of the currency in which its cost was incurred. Depreciation, depletion, and amortization allowances shall be based on the historical cost of the underlying asset and no effect shall be given to any such allowance determined on the basis of a factor other than historical cost. For special rules for determining

historical cost where assets are acquired during a taxable year beginning before January 1, 1950, or a majority interest in the foreign corporation is acquired during a taxable year beginning after December 31, 1949, but before January 1, 1963, see subparagraph (2) of this paragraph.

(iii) *Valuation of assets and liabilities.* Any accounting practice which results in the systematic undervaluation of assets or overvaluation of liabilities shall not be given effect, even though expressly permitted or required under foreign law, except to the extent allowable under paragraph (c) of this section. For example, an adjustment will be required where inventory is written down below market value. For the definition of market value, see paragraph (a) of § 1.471–4.

(iv) *Income equalization.* Income and expense shall be taken into account without regard to equalization over more than one accounting period; and any equalization reserve or similar provision affecting income or expense shall not be given effect, even though expressly permitted or required under foreign law, except to the extent allowable under paragraph (c) of this section.

(v) *Foreign currency.* If transactions effected in a foreign currency other than that in which the books of the corporation are kept are translated into the foreign currency reflected in the books, such translation shall be made in a manner substantially similar to that prescribed by paragraph (d) of this section for the translation of foreign currency amounts into United States dollars.

(2) *Historical cost.* For purposes of this section, the historical cost of an asset acquired by the foreign corporation during a taxable year beginning before January 1, 1963, shall be determined, if it is so elected by or on behalf of such corporation—

(i) In the event that the foreign corporation became a majority owned subsidiary of a United States person (within the meaning of section 7701(a)(30)) during a taxable year beginning after December 31, 1949, but before January 1, 1963, and the asset was held by such foreign corporation at that time, as though the asset was purchased on the date the foreign corporation first became a majority owned subsidiary at a price equal to its then fair market value, or

(ii) In the event that subdivision (i) of this subparagraph is inapplicable but the asset was acquired by the foreign corporation during a taxable year beginning before January 1, 1950, as though the asset were purchased on the first day of the first taxable year of the foreign corporation beginning after December 31, 1949, at a price equal to the undepreciated cost of that asset as of that date as shown on the books of account of such corporation regularly maintained for the purpose of accounting to its shareholders.

For purposes of this subparagraph, a foreign corporation shall be considered a majority owned subsidiary of a United States person if, taking into account only stock acquired by purchase (as defined in section 334(b)(3)), the United States person owns (within the meaning of section 958(a)) more than 50 percent of the total combined voting power of all classes of stock of the foreign corporation entitled to vote. The election under this subparagraph shall be made for the first taxable year beginning after December 31, 1962, in which the foreign corporation is a controlled foreign corporation (within the meaning of section 957) or for which it is included in a chain or group under section 963(c)(2)(B) or (3)(B) or has a deficit in earnings and profits sought to be taken into account under section 952(d). Once made, such an election shall be irrevocable. For the time and manner in which an election may be made on behalf of a foreign corporation, see paragraph (c)(3) of this section.

(3) *Illustrations.* The application of this paragraph may be illustrated by the following examples:

Example (1). Corporation M is a controlled foreign corporation which regularly maintains books of account for the purpose of accounting to its shareholders in accordance with the accounting practices prevalent in country X, the country in which it operates. As a consequence of those practices, the profit and loss statement prepared from these books of account reflects an allocation to an arbitrary reserve out of current income and depreciation allowances based on replacement values which are greater than historical cost. Adjustments are necessary to conform such statement to accounting principles generally accepted in the United States. Assuming these adjustments to be material, the unacceptable practices will have to be eliminated from the statement, an increase in the amount of profit (or a decrease in the amount of loss) thereby resulting.

Example (2). Corporation N is a foreign corporation which is not a controlled foreign corporation but which is included in a chain, for minimum distribution purposes, under section 963(c)(2)(B). Corporation N regularly maintains books of account for the purpose of accounting to its shareholders in accordance with the accounting practices of country Y, the country in which it operates. As a consequence of those practices, the profit and loss statement prepared from these books of account reflects the inclusion in income of stock dividends and of corporate distributions representing a return of capital. Adjustments are necessary to conform such statement to accounting principles generally accepted in the United States. Assuming these adjustments to be material, the unacceptable practices will have to be eliminated from the statement, a decrease in the amount of profit (or increase in the amount of loss) thereby resulting.

(c) *Tax adjustments*—(1) *In general.* The tax accounting standards to be applied in making the adjustments required by paragraph (a)(3) of this section shall be the following:

(i) *Accounting methods.* The method of accounting shall reflect the provisions of section 446 and the regulations thereunder.

(ii) *Inventories.* Inventories shall be taken into account in accordance with the provisions of sections 471 and 472 and the regulations thereunder.

(iii) *Depreciation.* Depreciation shall be computed in accordance with section 167 and the regulations thereunder.

(iv) *Elections.* Effect shall be given to any election made in accordance with an applicable provision of the Code and the regulations thereunder and these regulations.

Except as provided in subparagraphs (2) and (3) of this paragraph, any requirements imposed by the Code or applicable regulations with respect to making an election or adopting or changing a method of accounting must be satisfied by or on behalf of the foreign corporation just as though it were a domestic corporation if such election or such adoption or change of method is to be taken into account in the computation of its earnings and profits.

(2) *Adoption of method.* For the first taxable year beginning after December 31, 1962, in which the foreign corporation is a controlled foreign corporation (within the meaning of section 957) or for which it is included in a chain or group under section 963(c)(2)(B) or (3)(B) or has a deficit in earnings and profits sought to be taken into account under section 952(d), there may be adopted or made by such corporation or on its behalf any method of accounting or election allowable under this section notwithstanding that, in previous years, its earnings and profits were computed, or its books or financial statements prepared, on a different basis and notwithstanding that such election is required by the Code or regulations to be made in a prior taxable year. For purposes of determining the amount of a deficit in earnings and profits taken into account pursuant to section 952(c)(1)(B), if a different basis is used in previous years, ratable adjustments shall be made in the earnings and profits attributable to such previous years to prevent any duplication or omission of amounts that would otherwise result from the adoption of such method or the making of such election. See subparagraph (3) of this paragraph for the manner in which a method of accounting or an election may be adopted or made on behalf of the foreign corporation.

(3) *Action on behalf of corporation*—(i) *In general.* An election shall be deemed made, or an adoption or change in method of accounting deemed effectuated, on behalf of the foreign corporation only if its controlling United States shareholders (as defined in subparagraph (5) of this paragraph)—

(*a*) Satisfy for such corporation any requirements imposed by the Code or applicable regulations with respect to such election or such adoption or change in method, such as the filing of forms, the execution of consents, securing the permission of the Commissioner, or maintaining books and records in a particular manner,

(*b*) File the written statement described in subdivision (ii) of this subparagraph at the time and in the manner prescribed therein, and

(*c*) Provide the written notice required by subdivision (iii) of this subparagraph at the time and in the manner prescribed therein.

For purposes of the preceding sentence, the books of the foreign corporation shall be considered to be maintained in a particular manner if the controlling United States shareholders or the for-

eign corporation regularly keep the records and accounts required by section 964(c) and the regulations thereunder in that manner. Any election required to be made or information required to be filed with a tax return shall be deemed made of furnished on behalf of the foreign corporation if its controlling United States shareholders file the written statement described in subdivision (ii) of this subparagraph with respect to such election within the period specified therein. For a special rule postponing the time for taking action by or on behalf of a foreign corporation until the amount of its earnings and profits becomes significant, see subparagraph (6) of this paragraph.

(ii) *Written statement.* The written statement required by subdivision (i) of this subparagraph shall be jointly executed by the controlling United States shareholders, shall be filed with the Director of International Operations, Internal Revenue Service, Washington, D.C., 20225, within 180 days after the close of the taxable year of the foreign corporation with respect to which the election is made or the adoption or change of method effected, or before May 1, 1965, whichever is later, and shall set forth the name and country of organization of the foreign corporation, the names, addresses, and stock interests of the controlling United States shareholders, the nature of the action taken, the names and addresses of all other United States shareholders notified of the election or adoption or change of method, and such other information as the Commissioner may by forms require.

(iii) *Notice.* Prior to the filing of the written statement described in subdivision (ii) of this subparagraph, the controlling United States shareholders shall provide written notice of the election made or the adoption or change of method effected to all other persons known by them to be United States shareholders who own (within the meaning of section 958(a)) stock of the foreign corporation. Such notice shall set forth the name and country of organization of the foreign corporation, the names, addresses, and stock interests of the controlling United States shareholders, the nature of the action taken, and such other information as the Commissioner may by forms require. However, the failure of the controlling United States shareholders to provide such notice to a person required to be notified thereunder shall not invalidate the election made or the adoption or change of method effected, if it is established to the satisfaction of the Commissioner that reasonable cause existed for such failure.

(4) *Effect of action by controlling United States shareholders.* Any action taken by the controlling United States shareholders on behalf of the foreign corporation pursuant to subparagraph (3) of this paragraph shall be reflected in the computation of the earnings and profits of such corporation under this section to the extent that it bears upon the tax liability of a United States shareholder who either—

(i) Was a controlling United States shareholder with respect to the action taken;

(ii) Received the written notice provided by subparagraph (3)(iii) of this paragraph;

(iii) Failed to file any of the returns required by section 6046 and the regulations thereunder within the period prescribed by section 6046(d); or

(iv) Was notified by the Director of International Operations of the action taken—

(*a*) Within 240 days after the close of the taxable year (of the foreign corporation) to which such action first relates, or

(*b*) Within 180 days after the close of the first taxable year in which such shareholder becomes a United States shareholder, or

(*c*) Before July 1, 1965, whichever is latest.

To the extent that the computation of the earnings and profits of the foreign corporation bears upon the tax liability of any United States shareholder other than those enumerated in the preceding sentence, the computation shall reflect the action taken only if such shareholder assents to such treatment. Such assent may be given at any time, but not later than 90 days after the shareholder is first apprised of such action by the Director of International Operations. The shareholder shall signify his assent by filing a written statement with the Director of International Operations, Internal Revenue Service, Washington, D.C., 20225, setting forth the name and country of organization of the foreign corporation, his own name, address, and stock interest in the corporation, the nature of the action being assented to, and such other information as the Commissioner may by forms require.

(5) *Controlling United States shareholders.* For purposes of this paragraph the controlling United States shareholders of a foreign corporation shall be those United States shareholders (as defined in section 951(b)), who, in the aggregate, own (within the meaning of section 958(a)) more than 50 percent of the total combined voting power of all classes of the stock of such corporation entitled to vote and who undertake to act on its behalf. In the event that the foreign corporation is not a controlled foreign corporation but is included in a chain or group under section 963(c)(2)(B) or (3)(B), the controlling United States shareholder with respect to such foreign corporation shall be deemed to be the domestic corporation which elects to receive the minimum distribution from such chain or group. In the event that the foreign corporation is neither a controlled foreign corporation nor included in a chain or group under section 963(c)(2)(B) or (3)(B) but has a deficit in earnings and profits sought to be taken into account under section 952(d), the controlling United States shareholder with respect to such foreign corporation shall be the shareholder seeking to take such deficit into account. In the event that the foreign corporation is a controlled foreign corporation but the United States shareholders (as defined in section 951(b)) do not, in the aggregate, own (within the meaning of section 958(a)) more than 50 percent of the total combined voting power of all classes of the stock of such corporation entitled to vote, the controlling United States shareholders of the foreign corporation shall be all those those United States shareholders who own (within the meaning of section 958(a)) stock of such corporation.

(6) *Action not required until significant.* Notwithstanding any other provision of this paragraph, action by or on behalf of a foreign corporation (other than a foreign corporation subject to tax under section 882) to make an election or to adopt a method of accounting shall not be required until 180 days after the close of the first taxable year for which—

(i) An amount is includible in gross income with respect to such corporation under section 951(a);

(ii) It is sought to be established that such corporation is a less developed country corporation (within the meaning of section 955(c));

(iii) An amount is excluded from subpart F income (within the meaning of section 952) by section 952(c), section 952(d), or section 970(a); or

(iv) Such corporation is the subject of an election to secure an exclusion under section 963.

In the event that action by or on behalf of the foreign corporation is not undertaken by the time specified in the preceding sentence and such failure is shown to the satisfaction of the Commissioner to be due to inadvertence or a reasonable cause, such action may be undertaken during any period of at least 30 days occurring after such showing is made which the Commissioner may specify as appropriate for this purpose. Where the action necessary to make an election or to adopt a method of accounting is undertaken by or on behalf of the foreign corporation in accordance with this subparagraph, such election shall be deemed to have been made, or such adoption of accounting method effected, for the first taxable year of the foreign corporation beginning after December 31, 1962, in which such corporation is a controlled foreign corporation (within the meaning of section 957) or for which it is included in a chain or group under section 963(c)(2)(B) or (3)(B) or has a deficit in earnings and profits sought to be taken into account under section 952(d). For special rules for computing earnings and profits for purposes of section 1248 or income for purposes of applying an exclusion set forth in section 954(b) where the taxable year of the foreign corporation occurs prior to the making of elections or the adoption of methods of accounting under this subparagraph, see the regulations under section 952 and section 1248.

(7) *Revocation of election.* Notwithstanding any other provision of this section, any election made by or on behalf of a foreign corporation (other than a foreign corporation subject to tax under section 882) may be modified or revoked by or on behalf of such corporation for the taxable year for which made whenever the consent of the Commissioner is secured for such modification or revocation, even though such election would be irrevocable but for this subparagraph.

(8) *Illustrations.* The application of this paragraph may be illustrated by the following examples:

Example (1). X Corporation is a controlled foreign corporation which maintains its books, in accordance with the laws of the country in which it operates, by taking inventoriable items into account under the "first-in, first-out" method. A, B, and C, the United States shareholders of X Corporation, own 45 percent, 30 percent, and 25 percent of its voting stock, respectively. For the first taxable year of X Corporation beginning after December 31, 1962, B and C adopt on its behalf the "last-in, first-out" inventory method, notifying A of the action taken. Even though A may object to such action, adjustments must be made to reflect the use of the LIFO method of inventorying in the computation of the earnings and profits of X Corporation with respect to him as well as with respect to B and C.

Example (2). Y Corporation is a controlled foreign corporation which maintains its books, in accordance with the laws of the country in which it operates, by employing the straight-line method of depreciation. D and E, the United States shareholders of Y Corporation, own 51 percent and 10 percent of its voting stock, respectively. For the first taxable year of Y Corporation beginning after December 31, 1962, D adopts on its behalf the declining balance method of depreciation. However, not knowing that E is a United States shareholder of the company, D fails to provide him with notice of the action taken. Assuming that E has filed the return required by section 6046 and the regulations thereunder within the period prescribed by section 6046(d), adjustments in the computation of earnings and profits will not be required with respect to him unless the Director of International Operations notifies him of the action taken within 240 days after the close of Y's taxable year. If notice is not provided to E within this period, he will not be compelled to make the adjustments. At his option, however, he may accept the action taken by assenting thereto not later than 90 days after he is first apprised of such action by the Director of International Operations.

(d) *Translation into United States dollars*—(1) *In general*—(i) *General rule.* Except as provided in subdivisions (ii), (iii), and (iv) of this subparagraph, the amounts to be shown on the profit and loss statement, adjusted pursuant to paragraphs (b) and (c) of this section, shall be translated into United States dollars (as required by paragraph (a)(4) of this section) at the appropriate exchange rate for the translation period (as defined in subparagraph (6) of this paragraph) to which they relate.

(ii) *Cost of goods sold.* Amounts representing items of inventory reflected in the cost of goods sold shall be translated—

(*a*) To the extent that such amounts represent items included in the opening inventory balance, so as to obtain the same amount of United States dollars which represented (after translation and adjustment) such items in the closing inventory balance for the preceding taxable year,

(*b*) To the extent that such amounts represent items purchased or otherwise first included in inventory during the taxable year, at the appropriate exchange rate for the translation period in which the historical cost of such items was incurred, and

(*c*) To the extent that such amounts represent items included in the closing inventory balance, at the appropriate exchange rate for the translation period in which the historical cost of such items was incurred, except that, if such amounts are written down to market value, such market value shall be determined at the year-end rate. Notwithstanding the preceding sentence, amounts representing items of inventory included in the closing inventory balance may be translated at the year-end rate even though not written down to market value; however, once such a rate is employed under those circumstances, translation may not be made for subsequent taxable years at the appropriate exchange rate for the translation period in which the historical cost of the items of inventory was incurred unless the permission of the Commissioner is secured.

(iii) *Depreciation, depletion, and amortization.* Amounts representing allowances for depreciation, depletion, or amortization shall be translated at the appropriate exchange rate for the translation period in which the historical cost of the underlying asset was incurred or is deemed to have been incurred. For purposes of this subdivision, if the historical cost of an asset is determined under paragraph (b)(2) of this section, such cost shall be deemed to have been incurred on the date the asset is considered to have been purchased under that paragraph.

(iv) *Prepaid expenses or income.* Amounts representing expenses or income paid or received in a prior taxable year shall be translated at the appropriate exchange rate for the translation period during which they were paid or received. Notwithstanding the preceding sentence, amounts representing such prepaid income or expenses may be translated at the year end rate; however, once such a rate is employed, translation may not be made for subsequent taxable years at the appropriate exchange rate for the translation period during which such income or expenses were paid or received unless the permission of the Commissioner is secured.

(2) *Appropriate exchange rate*—(i) *In general.* Where the value of the foreign currency relative to the United States dollar does not fluctuate substantially during a translation period, a single exchange rate shall be appropriate for all amounts representing classes of items which relate to such period, such rate to be a simple average determined by dividing the sum of the closing rates for each of the calendar months ending with or within such period by the number of such months. On the other hand, where the value of the foreign currency relative to the United States dollar does fluctuate substantially during a translation period, the exchange rate appropriate to an amount representing a class of items which relates to such period shall be either (*a*) a simple average determined in accordance with the preceding sentence, or (*b*) a weighted average taking into account the volume of transactions (reflected by the amount being translated) for the calendar months ending with or within such period, depending upon which average would produce a result more representative of that which would have been obtained by translating the individual transactions reflected by that amount at the closing rate for the month to which each such transaction relates. Whether the value of the foreign currency relative to the United States dollar fluctuates substantially during the translation period is a question of fact, depending upon, among other things, the extent to which the volume of transactions varies from month to month. In general, however, the degree of fluctuation will be considered substantial if the closing rate for any calendar month ending with or within the translation period varies by more than 10 percent from the closing rate for any preceding calendar month ending within that period.

(ii) *Monthly rate.* Notwithstanding subdivision (i) of this subparagraph, if it is so elected by or on behalf of the foreign corporation, and if the closing rate for any calendar month ending with or within a translation period does not vary by more than 3 percent from the closing rate for any preceding calendar month ending within that period, the appropriate exchange rate for amounts representing all classes of items relating to such period shall be any exchange rate which is designated in the election and which does not vary by more than 3 percent from the closing rate for any calendar month ending with or within such period. An election under this subdivision may be made with respect to any translation period of any taxable year of the foreign corporation beginning after December 31, 1962. Such election shall be effective only with respect to the translation period for which it is made, and once made shall be irrevocable with respect to that period. See paragraph (c)(3) of this section for the time and manner in which an election may be made on behalf of the foreign corporation.

(iii) *Class of items.* For purposes of this subparagraph, the term "class of items" means any category which is reflected separately on books of account or financial statements. For example, sales is a class of items which is reflected separately on the profit and loss statement, and accounts receivable is a class of items which is reflected separately on the balance sheet.

(3) *Closing rate.* The closing rate for any calendar month shall be the exchange rate on the last day of that month determined by reference to a qualified source of exchange rates within the meaning of subparagraph (5) of this paragraph.

(4) *Year-end rate.* The year-end rate shall be the closing rate for the last calendar month of the taxable year.

(5) *Qualified source of exchange rates.* A qualified source of exchange rates shall be any source which is demonstrated to the satisfaction of the district director to reflect actual transactions conducted in a free market and involving representative amounts. In the absence of such a demonstration, the exchange rates taken into account in the computation of the earnings and profits

of the foreign corporation shall be determined by reference to the free market rate set forth in the pertinent monthly issue of "International Financial Statistics" or a successor publication of the International Monetary Fund, or such other source of exchange rates reflecting actual transactions conducted in a free market and involving representative amounts as the Commissioner may designate as appropriate for this purpose.

(6) *Translation period*—(i) *In general.* Except as provided in subdivision (ii) of this subparagraph, the translation period shall be a taxable year.

(ii) *Currency fluctuations.* If it is so elected by or on behalf of the foreign corporation, the taxable year shall be divided into groups consisting of a calendar month or consecutive calendar months as specified in the election, each such group constituting a separate translation period. Where the value of the foreign currency relative to the United States dollar fluctuates substantially during the taxable year, the use of the weighted average referred to in subparagraph (2)(i) of this paragraph ordinarily may be avoided by dividing the taxable year into translation periods so that the first translation period begins with the first day of such year and each subsequent translation period begins with the first day of the first calendar month thereafter ending with or within such year for which the closing rate varies by more than 10 percent from the closing rate for any month in the preceding translation period. An election under this subdivision may be made with respect to any taxable year of the foreign corporation beginning after December 31, 1962. Such election shall be effective only with respect to the taxable year for which it is made, and once made shall be irrevocable with respect to such year. For the time and manner in which an election may be made on behalf of the foreign corporation, see paragraph (c)(3) of this section.

(7) *Actual transactions.* Notwithstanding any other provisions of this paragraph—

(i) *Dollar transactions.* Any transaction involving the payment or receipt of United States dollars shall be reflected in the profit and loss statement by the amount of United States dollars involved in such transaction.

(ii) *Conversion transactions.* Any transaction involving the conversion of a foreign currency into United States dollars, or the conversion of United States dollars into a foreign currency, shall be reflected in the profit and loss statement by an amount expressed in United States dollars and determined by translation at the exchange rate at which conversion was effected if the foreign corporation knows, or reasonably should know, that exchange rate.

(iii) *Daily rate.* Any transaction other than one described in subdivision (i) or (ii) may be translated into United States dollars at the exchange rate for the day on which that transaction occurred, such rate to be determined by reference to a qualified source of exchange rates within the meaning of subparagraph (5) of this paragraph.

No transaction shall be required to be taken into account under subdivision (i) or (ii) unless the United States dollars involved are material in amount.

(8) *Other methods.* Notwithstanding the other provisions of this paragraph, translation into United States dollars may be made in accordance with a system or method not otherwise described in this paragraph, provided that such system or method (i) was employed by the corporation for purposes of accounting to its shareholders prior to January 1, 1963, and (ii) is shown to the satisfaction of the Commissioner to clearly reflect the earnings and profits of the corporation.

(9) *Illustrations.* The application of this paragraph may be illustrated by the following examples:

Example (1). M Corporation, a controlled foreign corporation organized on January 1, 1963, employs the calendar year as its taxable year and maintains its books of account in abbas, the currency of the country in which it operates. During 1963 M Corporation's monthly sales amounted to 100,000 abbas per month, its total payroll and other expenses for the year amounted to 180,000 abbas, and its total inventory purchases amounted to 1,050,000 abbas. Also during 1963, M Corporation purchased depreciable assets for 1,000,000 abbas. The value of the abba relative to the United States dollar fluctuated only slightly in 1963; the monthly closing rate moved between 19.8 abbas and 20.2 abbas per United States dollar and stood at 19.9 abbas per United States dollar for most of the year and at yearend. An election under subparagraph (2)(ii) of this paragraph is made on behalf of M Corporation to use the par rate of 20 abbas per United States dollar as the exchange rate appropriate for 1963. Assuming that none of the amounts shown therein reflects a transaction described in subparagraph (7) of this paragraph, M Corporation's adjusted profit and loss statement for 1963 would be translated into United States dollars as follows:

	Local currency	Exchange rate	U.S. dollars
Sales	1,200,000	20:1	60,000
Cost of goods sold:			
Purchases	1,050,000	20:1	52,500
Less: Closing inventory	(350,000)	20:1	(17,500)
	700,000		35,000
Wages and other expenses	180,000	20:1	9,000
Depreciation	200,000	20:1	10,000
Total costs and expenses	1,080,000		54,000
Operating profit	120,000		6,000

Example (2). The facts are the same as in example (1) and in addition during 1964 M Corporation had annual sales of 1,470,000 abbas, annual wages and other expenses of 252,000 abbas, and inventory purchases of 910,000 abbas. Also during 1964, M Corporation purchased additional depreciable assets for 430,000 abbas, the bulk of such purchases being made in the last half of the year. The value of the abba relative to the United States dollar gradually declined in 1964, the monthly closing rate moving from 19.9 abbas per United States dollar down to 22 abbas per United States dollar. For most classes of items, the appropriate exchange rate is a simple average of monthly closing rates or 21 abbas per United States dollar. However, since the bulk of the depreciable asset purchases were made in the last half of the year, the rate representative of those transactions is a weighted average of 21.5 abbas per United States dollar. Assuming that none of the amounts shown therein reflects a transaction described in subparagraph (7) of this paragraph and that closing inventory is translated at historical rates, M Corporation's adjusted profit and loss statement for 1964 would be translated into United States dollars as follows:

	Local currency	Exchange rate	U.S. dollars
Sales	1,470,000	21:1	70,000
Cost of goods sold:			
Opening inventory	350,000	20:1	17,500
Purchases	910,000	21:1	43,333
Less: Closing inventory	(418,000)	21:1	(19,905)
	842,000		40,928
Wages and other expenses	252,000	21:1	12,000
Depreciation:			
(1963 assets)	150,000	20:1	7,500
(1964 assets)	86,000	21.5:1	4,000
Total costs and expenses	1,330,000		64,428
Operating profit	140,000		5,572

Example (3). The facts are the same as in examples (1) and (2) except that the 1964 sales of M Corporation amounted to 1,260,000 abbas plus $10,500 in United States dollars. Assuming that closing inventory is translated at historical rates, M Corporation's adjusted profit and loss statement for 1964 would be translated as follows:

	Local currency	Exchange rate	U.S. dollars
Sales—Abbas	1,260,000	21:1	60,000
Sales—U.S. dollars	215,250	(1)	10,500
Total sales	1,475,250		70,500
Cost of goods sold:			
Opening inventory	350,000	20:1	17,500
Purchases	910,000	21:1	43,333
Less: Closing inventory	(418,000)	21:1	19,905
	842,000		40,928
Wages and other expenses	252,000	21:1	12,000
Depreciation:			
1963 assets	150,000	20:1	7,500
1964 assets	86,000	21.5:1	4,000
Total costs and expenses	1,330,000		64,428
Operating profit	145,250		6,072

[1] Transaction.

Example (4). The facts are the same as in examples (1) and (2). M Corporation continues to operate during 1965 and the value of the abba relative to the United States dollar declines materially during that year; the monthly closing rate drops from 22 abbas per United States dollar to 26 abbas per United States dollar, a decrease of more than 10 percent. An election under subparagraph (6)(ii) of this paragraph is made on behalf of M Corporation to divide the year into translation periods, the applicable periods being January 1 through July 31 and August 1 through December 31. For most classes of items, the appropriate exchange rate for each of these translation periods is a simple average of monthly closing rates, or 23 abbas and 25 abbas per United States dollar, respectively. However, all of the depreciable asset purchases were made at the end of the first translation period—January 1 through July 31—and, therefore, the rate representative of those transactions is a weighted average of 24 abbas per United States dollar. The classes of items reflecting M Corporation's 1965 financial transactions and the representative rates of exchange for such classes of items are as follows:

	Local currency	Exchange rate
Sales:		
Jan. 1-July 31	1,000,000	23:1
Aug. 1-Dec. 31	500,000	25:1
Inventory Purchases:		
Jan. 1-July 31	559,000	23:1
Aug. 1-Dec. 31	361,000	25:1
Expenses:		
Jan. 1-July 31	115,000	23:1
Aug. 1-Dec. 31	145,000	25:1
Fixed asset purchases	216,000	24:1
Closing inventory	430,000	[1]

[1] Historical.

Assuming that M Corporation uses the first-in, first-out method of inventory valuation, the closing inventory is assumed in normal circumstances to consist of purchases made during the most recent translation period as follows:

	Local currency	Exchange rate	U.S. dollars
All of the August-December purchases	361,000	25:1	14,440
Balance from January-July purchases	69,000	23:1	3,000
Total closing inventory	430,000	----------	17,440

Assuming that none of the amounts shown therein reflects a transaction described in subparagraph (7) of this paragraph, and that closing inventory is translated at historical rates, M Corporation's adjusted profit and loss statement for 1965 would be translated into United States dollars as follows:

	Local currency	Exchange rate	U.S. dollars
Sales:			
Jan. 1-July 31	1,000,000	23:1	43,478
Aug. 1-Dec. 31	500,000	25:1	20,000
	1,500,000	----------	63,478
Cost of goods sold:			
Opening inventory purchases	418,000	21:1	19,905
Jan. 1-July 31	559,000	23:1	24,304
Aug. 1-Dec. 31	361,000	25:1	14,440
Less: Closing inventory	(430,000)	[1]	(17,440)
	908,000	----------	41,209
Wages and other expenses:			
Jan. 1-July 31	115,000	23:1	5,000
Aug. 1-Dec. 31	145,000	25:1	5,800
Depreciation:			
1963 assets	120,000	20:1	6,000
1964 assets	64,500	21.5:1	3,000
1965 assets	43,200	24:1	1,800
Total costs and expenses	1,395,700	----------	62,809
Operating profit	104,300	----------	669

[1] Historical.

(e) *Exchange gain or loss*—(1) *In general.* The exchange gain or loss determined in accordance with subparagraph (2) of this paragraph shall be applied against and reduce, or applied to and increase, as the case may be, the amount of profit or loss shown on the profit and loss statement prepared pursuant to paragraph (a)(1) of this section, as adjusted and translated pursuant to paragraph (a) (2), (3), and (4) of this section. For the manner in which the exchange gain or loss is to be allocated to or applied against subpart F income, see section 952 and the regulations thereunder.

(2) *Determination of exchange gain or loss.* The exchange gain (or loss) for the taxable year shall be the amount which equals—

(i) The retained earnings for the taxable year as determined under subparagraph (3) of this paragraph, plus

(ii) The amount of any distributions made during the taxable year translated at the exchange rate appropriate to the translation period during which such distributions were made (or taken into account in accordance with paragraph (d)(7) of this section, if applicable), minus

(iii) The amount representing retained earnings for the preceding taxable year as determined under subparagraph (3) of this paragraph, minus

(iv) The amount of profit (or plus the amount of any loss) shown on the profit and loss statement for the taxable year prepared pursuant to paragraph (a)(1) of this section and adjusted and translated pursuant to paragraph (a) (2), (3), and (4) of this section.

(3) *Retained earnings.* The retained earnings for any taxable year shall be determined by first—

(i) Preparing a balance sheet as of the end of such year from the books of account regularly maintained by the foreign corporation for the purpose of accounting to its shareholders;

(ii) Making the adjustments necessary to conform such balance sheet to the accounting principles described in paragraph (b) of this section;

(iii) Making the further adjustments necessary to conform such balance sheet to the tax accounting standards described in paragraph (c) of this section; and

(iv) Translating the amounts shown on the balance sheet (other than amounts representing retained earnings) into United States dollars in accordance with subparagraph (4) of this paragraph.

The retained earnings shall be an amount equal to the excess of the aggregate amount representing assets on the balance sheet (as adjusted and translated under this subparagraph) over the aggregate amount representing liabilities, reserves (other than reserves out of current or accumulated earnings), and paid-in capital on the balance sheet (as adjusted and translated under this subparagraph).

(4) *Translation of balance sheet.* Amounts shown on the balance sheet as adjusted pursuant to subparagraph (3) (ii) and (iii) of this paragraph (other than amounts representing retained earnings) shall be translated into United States dollars as follows:

(i) *Financial assets.* Amounts representing financial assets shall be translated at the year-end rate.

(ii) *Physical assets.* Amounts representing physical assets (other than inventory) shall be translanted at the appropriate exchange rate for the translation period in which the historical cost of the asset was incurred or is deemed to have been incurred. For special rules for determining date on which the historical cost of certain assets acquired during taxable years beginning before January 1, 1950, or owned at the time a majority interest in the corporation was acquired during a taxable year beginning after December 31, 1949, or before January 1, 1963, is deemed to have been incurred, see paragraph (b)(3) of this section.

(iii) *Depreciation and similar reserves.* Amounts representing depreciation, depletion, and amortization reserves shall be translated at the appropriate exchange rate for the translation period in which the historical cost of the underlying asset was incurred or is deemed to have been incurred.

(iv) *Inventory.* Amounts representing items of inventory included in the closing inventory balance shall be translated in accordance with paragraph (d)(1)(ii) of this section.

(v) *Bad debt reserves.* Amounts representing bad debts reserves shall be translated at the year-end rate.

(vi) *Prepaid income or expense.* Amounts representing expenses or income paid or received in a prior taxable year shall be translated in accordance with paragraph (d)(1)(iv) of this section.

(vii) *Short-term liabilities.* Amounts representing short-term liabilities shall be translated at the year-end rate.

(viii) *Long-term liabilities.* Amounts representing long-term liabilities shall be translated at the appropriate exchange rate for the translation period in which such liabilities were incurred.

(ix) *Paid-in capital.* Amounts representing paid-in capital shall be translated at the appropriate exchange rate for the translation period in which such capital was paid in.

Notwithstanding any other provisions of this subparagraph, where the amount representing an item shown on the balance sheet reflects a transaction described in paragraph (d)(7) of this section, such transaction shall be taken into account in accordance with that paragraph.

(5) *Definitions.* For purposes of this paragraph—

(i) *Financial assets.* A financial asset shall be any asset reflecting a fixed amount of foreign currency, such as cash on hand, bank deposits, and loans and accounts receivable. Securities (within the meaning of section 1236(c)) shall be considered physical assets if they have been or are reasonably expected to be held for at least six months; if not they shall be considered financial assets whether or not they reflect a fixed amount of foreign currency. Moreover, advances on open account to any corporation in which the foreign corporation and any related persons (within the meaning of section 954(d)(3) and the regulations thereunder) with respect thereto own at least 10 percent of the combined voting power of all classes of stock entitled to vote shall not be considered financial assets if such advances have remained open for more than one year.

(ii) *Physical assets.* A physical asset shall be any asset other than a financial asset and shall include goodwill, patents, and other intangibles.

(iii) *Short-term liabilities.* A short-term liability shall be any indebtedness of the foreign corporation which is due or overdue as of the date of the balance

sheet or which will become due within 1 year thereafter.

(iv) *Long-term liabilities.* A long-term liability is any indebtedness of the foreign corporation other than a short-term liability.

For the definition of "appropriate exchange rate", "year-end rate", and "translation period", see paragraph (d)(2), (4) and (6), respectively, of this section.

(6) *Illustrations.* The application of this paragraph may be illustrated by the following examples:

Example (1). N Corporation is a controlled foreign corporation which uses the calendar year as its taxable year and which maintains its books in yuccas, the currency of the country in which it operates. For 1963, its operating profit is 140,000 yuccas or $55,720. At the end of the year, its balance sheet, as translated and adjusted pursuant to subparagraph (3) of this paragraph, is as follows:

	Local currency	Exchange rate	U.S. dollars
Cash	77,000	2.20:1	35,000
Accounts receivable	209,000	2.20:1	95,000
Inventory	418,000	(1)	199,050
Fixed assets	1,430,000	(1)	700,000
Less: Accumulated depreciation	(436,000)	(1)	(215,000)
Total assets	1,698,000		814,050
Current liabilities	338,000	2.20:1	153,640
Long-term liabilities	300,000	(1)	150,000
Paid-in capital	800,000	(1)	400,000
Retained earnings	260,000		110,410
Total liabilities and net worth	1,698,000		814,050

[1] Historical.

N Corporation's retained earnings for 1962 are determined on the basis of its balance sheet as of the end of that year, translated as follows:

	Local currency	Exchange rate	U.S. dollars
Cash	70,000	2.00:1	35,000
Accounts receivable	180,000	2.00:1	90,000
Inventory	350,000	(1)	175,000
Fixed assets	1,000,000	(1)	500,000
Less: Accumulated depreciation	(200,000)	(1)	(100,000)
Total assets	1,400,000		700,000
Current liabilities	180,000	2.00:1	90,000
Long-term liabilities	300,000	(1)	150,000
Paid-in capital	800,000	(1)	400,000
Retained earnings	120,000		60,000
Total liabilities and net worth	1,400,000		700,000

The exchange gain or loss of N Corporation for 1963 may be computed as follows:

Retained earnings—1963			110,410
Less: Retained earnings—1962	60,000		
Operating profit—1963	55,720		115,720
Exchange loss			(5,310)

[1] Historical.

Example (2). Assume the same facts as in example (1). For 1964, N Corporation's operating profit is 104,300 yuccas or $15,740. It pays a dividend of 26,000 yuccas during a translation period when the appropriate exchange rate is 2.60 yuccas per United States dollar. At yearend, its balance sheet, as translated and adjusted pursuant to subparagraph (3) of this paragraph, is as follows:

	Local currency	Exchange rate	U.S. dollars
Cash	91,000	2.60:1	35,000
Accounts receivable	260,000	2.60:1	100,000
Inventory	430,000	(1)	174,400
Fixed assets	1,646,000	(1)	790,000
Less: Accumulated depreciation	(663,700)	(1)	(323,000)
Total assets	1,763,300		776,400
Current liabilities	325,000	2.60:1	125,000
Long-term liabilities	300,000	(1)	150,000
Paid-in capital	800,000	(1)	400,000
Retained earnings	338,300		101,400
Total liabilities and net worth	1,763,300		776,400

The exchange gain or loss of N Corporation for 1964 would be computed as follows:

Retained earnings—1964			101,400
Add: Dividends—1964			10,000
Predistribution earnings			111,400
Less: Retained earnings—1963	110,410		
Operating profit—1964	15,740		126,150
Exchange loss			(14,750)

[1] Historical.

(f) *Determination of earnings and profits as if a domestic corporation.* If the books of account regularly maintained by a foreign corporation for the purpose of accounting to its shareholders are kept in United States dollars and in accordance with accounting principles generally accepted in the United States, and if it is so elected by or on behalf of such corporation, the earnings and profits of the foreign corporation for a taxable year shall be determined in every respect as if it were a domestic corporation. Such election shall be effective only for the taxable year with respect to which the election is made. Once made, such election shall be irrevocable. See paragraph (d)(3) of this section for the time and manner in which an election may be made on behalf of a foreign corporation.

(Sec. 7805 of the Internal Revenue Code of 1954; 68A Stat. 917; 26 U.S.C. 7805)

[SEAL] BERTRAND M. HARDING,
Acting Commissioner of Internal Revenue.

Approved: October 20, 1964.

STANLEY S. SURREY,
Assistant Secretary of the Treasury.

[F.R. Doc. 64-10852; Filed, Oct. 26, 1964; 8:45 a.m.]

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter I—Coast Guard, Department of the Treasury

SUBCHAPTER C—AIDS TO NAVIGATION

[CGFR 64-66]

PART 67— PRIVATE AIDS TO NAVIGATION, OUTER CONTINENTAL SHELF AND WATERS UNDER THE JURISDICTION OF THE UNITED STATES

Sounding of Multiple Fog Signals on Single Structure

Pursuant to the notice of proposed rule making published in the FEDERAL REGISTER of January 30, 1964 (29 F.R. 1572-1586), and the Merchant Marine Council Public Hearing Agenda, dated March 23, 1964 (CG-249), the Merchant Marine Council held a public hearing on March 23, 1964, for the purpose of receiving comments, views, and data. The proposals considered were identified as Items I to XVI, inclusive. Item Xb contained the proposal to cancel 33 CFR 67.10-1(d), which requires the sounding in unison of multiple fog signals installed on a single structure (CG-249, Xb, page 147). As announced in the news release and confirmed in the preamble of the document CGFR 64-19, published in the FEDERAL REGISTER of June 5, 1964 (29 F.R. 7344), additional time of 120 days was allowed for the submission of further written comments. No comment was received objecting to this proposed cancellation nor suggesting an alternative. Therefore, the Merchant Marine Council has recommended adoption of this proposal which is hereby approved, and the requirements in 33 CFR 67.10-1(d) are cancelled as set forth in this document.

By virtue of the authority vested in me as Commandant, United States Coast Guard, by sections 83, 85, 92, 632 and 633 of Title 14, U.S. Code, section 1333 of Title 43, U.S. Code, and Treasury Department Orders 167-3, dated May 6, 1953 (18 F.R. 2962), 167-15, dated January 3, 1955 (20 F.R. 840), 167-17, dated June 29, 1955 (20 F.R. 4976), and 167-23, dated July 27, 1956 (21 F.R. 5852), effective on date of publication in the FEDERAL REGISTER, § 67.10-1 *Type and characteristics* is amended by cancelling paragraph (d).

(Sec. 92, 63 Stat. 503, sec. 4, 67 Stat. 462; 14 U.S.C. 92, 43 U.S.C. 1333)

Dated: October 19, 1964.

[SEAL] E. J. ROLAND,
Admiral, U.S. Coast Guard, Commandant.

[F.R. Doc. 64-10906; Filed, Oct. 26, 1964; 8:47 a.m.]