

appraised production in excess of the difference between the harvested production guarantee applicable for such acreage, and the unharvested production guarantee, except as to the acreage referred to in the following items (3) and (4); (3) which is abandoned or put to another use without prior written consent of the Corporation the total production to be counted shall be the production guarantee provided for such acreage, except that consent of the Corporation shall be deemed to have been given if the abandoned acreage is bona fide abandoned acreage under the Sugar Act of 1948, as amended, and under regulations issued pursuant thereto; or (4) which is damaged solely by an uninsured cause the total production to be counted shall be not less than the production guarantee provided for such acreage.

8. *Meaning of terms.* For the purpose of insurance on sugarcane the terms:

(a) "Crop year" notwithstanding section 19(c) of the policy means the period beginning when sugarcane is normally planted and extending through the insurance period and shall be designated by reference to the calendar year in which the sugarcane is normally harvested.

(b) "Harvest" means cutting the cane by manual or mechanical means.

(c) "Insurance unit" in lieu of that portion of the first sentence preceding item (1) of section 19(e) of the policy, the following shall apply: "Insurance unit" means all the insurable acreage of sugarcane in the county at the time insurance attaches".

9. *Cancellation and termination for indebtedness dates.* For each crop year of the contract the cancellation date shall be the July 31, and the termination date for indebtedness shall be the August 31, immediately preceding the beginning of the crop year for which the cancellation or the termination is to become effective.

(Secs. 506, 516, 52 Stat. 73, as amended, 77, as amended; 7 U.S.C. 1506, 1516)

Adopted by the Board of Directors on May 27, 1968.

[SEAL] EARL H. NIKKEL,
Secretary, Federal Crop
Insurance Corporation.

Approved: May 28, 1968.

JOHN A. SCHNITTKER,
Under Secretary.

[F.R. Doc. 68-6543; Filed, June 3, 1968;
8:48 a.m.]

Chapter IX—Consumer and Marketing Service (Marketing Agreements and Orders; Fruits, Vegetables, Nuts), Department of Agriculture

[Grapefruit Reg. 66, Amdt. 10]

PART 905—ORANGES, GRAPEFRUIT, TANGERINES, AND TANGELOS GROWN IN FLORIDA

Limitation of Shipments

Notice was published in the May 17, 1968, issue of the FEDERAL REGISTER (33 F.R. 7328) that consideration was being given to a proposal by the Growers Administrative Committee, established under the marketing agreement, as amended, and Order No. 905, as amended (7 CFR Part 905), regulating the handling of oranges, grapefruit, tangerines, and tangelos grown in Florida, effective under the applicable provisions of the

Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), as the agency to administer the terms and provisions thereof, to extend for 1 week the grade and size limitations in Grapefruit Regulation 66 (32 F.R. 12907, 16525, 17925; 33 F.R. 221, 847, 3214, 4561, 5579, 5941, 6094) applicable to all grapefruit handled between the production area and any point outside thereof in the continental United States, Canada, or Mexico.

After consideration of all relevant matter presented, including the proposal set forth in the aforesaid notice, it is hereby found that the amendment hereinafter set forth, extending the period of such grade and size limitations through September 15, 1968, will tend to effectuate the declared policy of the act.

Order. The provisions of § 905.495 (Grapefruit Reg. 66; 32 F.R. 12907, 16525, 17925; 33 F.R. 221, 847, 3214, 4561, 5579, 5941, 6094) are hereby amended in the following respects:

The introductory text of paragraph (a) (1) is revised to read as follows:

§ 905.495 Grapefruit Regulation 66.

(a) * * *

(1) During the period beginning April 22, 1968, through September 15, 1968, no handler shall ship between the production area and any point outside thereof in the continental United States, Canada, or Mexico:

* * * * *

Dated, May 29, 1968, to become effective 30 days after publication in the FEDERAL REGISTER.

PAUL A. NICHOLSON,
Deputy Director, Fruit and
Vegetable Division, Consumer
and Marketing Service.

[F.R. Doc. 68-6561; Filed, June 3, 1968;
8:49 a.m.]

Chapter X—Consumer and Marketing Service (Marketing Agreements and Orders; Milk), Department of Agriculture

[Milk Order 131]

PART 1131—MILK IN CENTRAL ARIZONA MARKETING AREA

Order Suspending Certain Provisions

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and of the order regulating the handling of milk in the Central Arizona marketing area (7 CFR Part 1131), it is hereby found and determined that:

(a) The following provisions of the order no longer tend to effectuate the declared policy of the Act:

(1) In § 1131.51(a), in the language preceding subparagraph (1), the words "and shall be increased or decreased by a 'supply-demand adjustment' of not more than 50 cents computed as follows:"; and

(2) In § 1131.51(a) subparagraphs (1) and (2) in their entirety.

(b) Thirty days notice of the effective date hereof is impractical, unnecessary, and contrary to the public interest in that:

(1) This suspension order does not require of persons affected substantial or extensive preparation prior to the effective date.

(2) This suspension order is necessary to reflect current marketing conditions and to maintain orderly marketing conditions in the marketing area.

(3) The suspension order will eliminate supply-demand adjustments to the Class I price pending a hearing to consider whether a supply-demand adjuster should continue to be provided in the order. The supply-demand adjuster has been affecting prices contraseasonally in that it has reduced Class I prices in the months of short supply rather than in the months of flush production.

(4) Interested parties were afforded opportunity to file written data, views or arguments concerning this suspension (33 F.R. 7087). Although some arguments were filed in opposition to the suspension, these were not persuasive.

The supply-demand adjuster should be suspended pending a hearing to consider the Class I price provisions of the order.

Therefore, good cause exists for making this order effective June 1, 1968.

It is therefore ordered, That the aforesaid provisions of the order are hereby suspended for the period after May 31, 1968.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Effective date: June 1, 1968.

Signed at Washington, D.C., on May 28, 1968.

GEORGE L. MEHREN,
Assistant Secretary.

[F.R. Doc. 68-6534; Filed, June 3, 1968;
8:47 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter I—Federal Aviation Administration, Department of Transportation

SUBCHAPTER I—AIRPORTS

[Docket No. 8916; Amdt. 151-22]

PART 151—FEDERAL AID TO AIRPORTS

Miscellaneous Amendments

The purpose of this amendment to Part 151 of the Federal Aviation Regulations is to update certain references in §§ 151.11 (b) and (d), 151.87(b), 151.91 (a), and 151.111(c) that are incomplete, or superseded and obsolete.

The runway clear zone requirements in § 151.11 for new and existing airports apply both to runways and to landing strips at those airports. However, paragraph (b) and the last sentence of paragraph (d) of § 151.11 do not contain a

reference to "landing strips". Accordingly, the FAA is amending those paragraphs of § 151.11 to add the omitted reference to "landing strips".

Sections 151.87(b) and 151.91(a) now refer to obsolete Technical Standard Order N18 (Criteria for Determining Obstructions to Air Navigation). TSO-N18 was superseded with the adoption of Federal Aviation Regulations Part 77, "Obstructions Affecting Navigable Airspace", and other references to TSO-N18 were deleted by Amendment 151-7, effective June 8, 1965 (30 F.R. 7484). The FAA is amending §§ 151.87(b) and 151.91(a) to eliminate the remaining references to TSO-N18 in Part 151. As amended, § 151.87(b) refers to the standards for removal of obstructions in § 151.91(a), and § 151.91(a) refers to the appropriate provisions of Part 77.

The National Airport Plan no longer identifies large or medium hubs that are served by scheduled air carrier service. However, they are identified in another publication, "Airport Activity Statistics of Certificated Route Air Carriers", that is prepared and published jointly by the FAA and the Civil Aeronautics Board. This publication is available for inspection at each FAA Regional and Area Office, and it may be purchased from the Superintendent of Documents. The FAA is amending § 151.111(c)(2) to refer to this publication.

Since this amendment relates to public grants and benefits, notice and public procedure thereon are not required under section 553 of Title 5, United States Code.

In consideration of the foregoing, effective July 4, 1968, Part 151 of the Federal Aviation Regulations is amended as follows:

1. Paragraph (b), and the last sentence of paragraph (d), of § 151.11 are amended to read as follows:

§ 151.11 Runway clear zones: requirements.

(b) On new airports, the sponsor must own, acquire, or agree to acquire adequate property interests in runway clear zone areas (in connection with initial land acquisition) for all eligible runways or landing strips, without substantial deviation from standard configuration and length.

(d) Any development that improves a specific runway or landing strip is considered to be a runway improvement, including runway lighting and the developing or lighting of taxiways serving a runway.

2. The last sentence of § 151.87(b) is amended to read as follows:

§ 151.87 Lighting and electrical work.

(b) Program participation in airport lighting is limited to those projects that, upon completion, will meet the requirements for a true light certificate,

and will include the removal, relocation, or adequate lighting of obstructions, as provided in § 151.91(a).

3. The last sentence of § 151.91(a) is amended to read as follows:

§ 151.91 Removal of obstructions.

(a) The removal of structures that are not obstructions under § 77.23 of this chapter as applied to § 77.27 of this chapter are eligible when they are located within a runway clear zone.

4. Subparagraph (2) of § 151.111(c) is amended to read as follows:

§ 151.111 Advance planning proposals: general.

(2) Is not in a large or medium hub served by scheduled air carrier service, as identified in the current edition of "Airport Activity Statistics of Certificated Route Air Carriers" (published jointly by FAA and the Civil Aeronautics Board), that is available for inspection at any FAA Area or Regional Office, or for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

(Federal Airport Act, as amended (49 U.S.C. 1101-1120))

Issued in Washington, D.C., on May 28, 1968.

WILLIAM F. McKEE,
Administrator.

[F.R. Doc. 68-6527; Filed, June 3, 1968; 8:46 a.m.]

SUBCHAPTER O—AIRCRAFT LOAN GUARANTEE PROGRAM

[Docket No. 8915]

PART 199—AIRCRAFT LOAN GUARANTEE PROGRAM

Part 91 of the regulations of the Office of the Secretary of Transportation (49 CFR Part 91) was adopted on September 18, 1967, and published in the FEDERAL REGISTER on September 22, 1967 (32 F.R. 13384). Part 91 superseded regulations issued, under a delegation of authority from the Secretary of Commerce, by the Under Secretary of Commerce for Transportation to implement the Act of September 7, 1957, as amended (49 U.S.C. 1324 note) relating to the Government guarantee of private loans to air carriers for the purchase of equipment.

Section 6(a)(3)(A) of the Department of Transportation Act (49 U.S.C. 1655(a)(3)(A)) transfers to and vests in the Secretary of Transportation all functions, powers, and duties of the Secretary of Commerce under the Act of September 7, 1957, as amended. Under the terms of section 8 of that Act, the authority to guarantee loans under the Act expired on September 7, 1967. As adopted, Part 91

contains the only provision that has continuing applicability, relating to deviation from the terms of guarantees previously granted. Under that provision, requests for deviations must be filed with and approved by the Assistant Secretary for Policy Development.

Since the function is one largely involving aviation activities, the Secretary of Transportation has revoked the delegation of this function to the Assistant Secretary for Policy Development and has delegated it to the Federal Aviation Administrator. As a consequence, Part 91 is being revoked.

Under the authority conferred by the delegation, a new Part 199 is adopted by the Federal Aviation Administration to replace Part 91 of the regulations of Office of the Secretary of Transportation. Part 199 retains the substance of Part 91, and reflects the facts that the General Counsel of the FAA is the officer responsible for approving deviations, and that the Director of Information Services of the FAA determines when disclosure of information is in the public interest.

Since this amendment relates to Departmental management, procedures, and practices, notice and public procedure thereon are not required and it may be made effective in less than 30 days.

In consideration of the foregoing, effective June 13, 1968, Chapter I of Title 14 of the Code of Federal Regulations is amended by amending the title of Subchapter O, and by adding a new Part 199, as hereinafter set forth.

Issued in Washington, D.C., on May 28, 1968.

WILLIAM F. McKEE,
Administrator.

§ 199.1 Deviations from the terms of agreements.

No deviations from the terms of any guarantee and loan agreements made before September 8, 1967, may be made without prior approval from the General Counsel of the Federal Aviation Administration. An original and four copies of requests for such approval and three copies of any supporting documents must be filed with the General Counsel, Federal Aviation Administration, Department of Transportation, 800 Independence Avenue SW., Washington, D.C. 20590. Information contained in such requests and supporting documents shall be withheld from public disclosure during the life of the loan guarantee involved unless the Director of Information Services of the Federal Aviation Administration finds that disclosure of such information is required in the public interest.

(Act of Sept. 7, 1957, as amended (49 U.S.C. 1324 note); secs. 3(a)(3)(A), 9, Department of Transportation Act (49 U.S.C. 1655(a)(3)(A), 1657); § 1.4(b)(4), Regulations of the Office of the Secretary of Transportation (49 CFR 1.4(b)(4))

[F.R. Doc. 68-6528; Filed, June 3, 1968; 8:46 a.m.]

Title 17—COMMODITY AND SECURITIES EXCHANGES

Chapter I—Commodity Exchange Authority (Including Commodity Exchange Commission), Department of Agriculture

PART 15—REPORTS—GENERAL PROVISIONS

PART 18—REPORTS BY TRADERS

Miscellaneous Amendments

On April 23, 1968, there was published in the FEDERAL REGISTER (33 F.R. 6164) a notice of proposed amendment of §§ 15.00, 15.02, 15.03, 18.00, 18.01, and 18.03 of the reporting regulations under the Commodity Exchange Act (17 CFR 15.00, 15.02, 15.03, 18.00, 18.01, 18.03). After due consideration of all relevant matters and pursuant to the authority vested in the Secretary of Agriculture by section 8a(5) of the Commodity Exchange Act (7 U.S.C. 12a(5)), §§ 15.00, 15.02, 15.03, 18.00, 18.01, and

18.03 of the regulations under said Act, are amended as follows:

(1) Section 15.00, *Definitions*, is amended by adding thereto a new paragraph (e) reading as follows:

§ 15.00 Definitions.

(e) "Trader": This term means a person who, for his own account or for an account which he controls, makes transactions in commodity futures or has such transactions made.

(2) Section 15.02 is amended to read as follows:

§ 15.02 Reporting forms.

Forms on which to report may be obtained from any office of the Commodity Exchange Authority. Reporting forms are identified by number as to the commodity and class of person reporting. The initial digit or digits of the form number identify the commodity, and the two final digits or series identify the class of person reporting. All reports shall be prepared in accord with instructions appearing on the applicable form. Forms to be used for the filing of reports are as follows:

Commodity	Clearing members (series 00 forms)	Futures commission merchants and foreign brokers (series 01 forms)	Traders who hold or control reportable positions (series 03 forms)	Merchants, processors, and dealers (series 04 forms)
Wheat.....				
Corn.....				
Oats.....				
Rye.....	200	201	203	204
Barley.....				
Flaxseed.....				
Soybeans.....				
Grain sorghums.....				
Cotton.....	300	301	303	304
Butter.....	400	401	403	None
Eggs.....	500	501	503	504
Potatoes.....	600	601	603	None
Millfeeds.....	700	701	703	None
Wool.....	800	801	803	None
Wool tops.....				
Lard.....	900	901	903	None
Tallow.....				
Cottonseed oil.....	1,000	1,001	1,003	None
Soybean oil.....				
Cottonseed meal.....	1,100	1,101	1,103	None
Soybean meal.....				
Live cattle.....	1,200	1,201	1,203	None
Cattle products.....	1,300	1,301	1,303	None
Live hogs.....				
Frozen pork bellies.....	1,400	1,401	1,403	None
Frozen skinned hams.....				
Hides.....	1,500	1,501	1,503	None

(3) Section 15.03 is amended to read as follows:

§ 15.03 Quantities fixed for reporting.

The quantities fixed for the purpose of reports filed under Parts 17, 18, and 19 of this chapter are as follows:

Commodity	Quantity
Wheat.....	200,000 bushels.
Corn.....	200,000 bushels.
Oats.....	200,000 bushels.
Rye.....	200,000 bushels.
Barley.....	200,000 bushels.
Flaxseed.....	200,000 bushels.
Soybeans.....	200,000 bushels.
Grain sorghums.....	11,200,000 pounds.
Cotton.....	5,000 bales.
Wool.....	150,000 pounds. ¹
Wool tops.....	125,000 pounds.
Butter.....	25 carlots.
Eggs—shell.....	25 carlots.
Frozen whole.....	25 contract units.
Frozen plain whites.....	25 contract units.
Frozen plain yolks.....	25 contract units.

Commodity	Quantity
Potatoes.....	25 carlots.
Lard.....	1,000,000 pounds.
Tallow.....	1,000,000 pounds.
Cottonseed oil.....	1,500,000 pounds.
Soybean oil.....	1,500,000 pounds.
Cottonseed meal.....	2,500 tons.
Soybean meal.....	2,500 tons.
Millfeeds.....	1,000 tons.
Live cattle.....	25 contract units.
Cattle products.....	25 contract units.
Live hogs.....	25 contract units.
Frozen pork bellies.....	25 contract units.
Frozen skinned hams.....	25 contract units.
Hides.....	25 contract units.

¹ Clean content.

(4) Section 18.00, *Information to be furnished by traders*, is amended by adding thereto a new paragraph (g) reading as follows:

§ 18.00 Information to be furnished by traders.

(g) *Live cattle futures*. Any trader who holds or controls a reportable position in any one future of any one type of live cattle contract shall include all transactions and positions in all futures of all types of live cattle contracts on all contract markets.

(5) Section 18.01, *Interest in or control of several accounts*, is amended by adding thereto a new paragraph (d) reading as follows:

§ 18.01 Interest in or control of several accounts.

(d) *Reporting of controlled accounts*. The trader shall show, at the bottom of the appropriate series 03 report or on a continuation sheet a breakdown or listing of the names of all such accounts, including joint accounts, and their respective positions on his first report after acquiring a reportable position, and once a month thereafter, as of the last business day of the month, unless the Act Administrator approves a different date for such reporting. On this report, regardless of whether he has any transactions for that day, the trader shall show a complete listing of all such accounts and their individual positions on that day. During the month, the trader shall show at the bottom of each report he files, any new such account and any such account that is no longer participating, at the time any change occurs in his group of such participating or controlled accounts.

(6) Paragraphs (a) and (b) of § 18.03, *Time and place of filing reports*, are amended to read as follows:

§ 18.03 Time and place of filing reports.

(a) Reports with respect to transactions in wheat, corn, oats, rye, barley, flaxseed, soybeans, grain sorghums, butter, eggs, lard, tallow, soybean oil, cottonseed meal, soybean meal, millfeeds, live cattle, cattle products, live hogs, frozen pork bellies, and frozen skinned hams—to the Commodity Exchange Authority office in Chicago, Ill., unless otherwise specifically instructed by the Commodity Exchange Authority.

(b) Reports with respect to transactions in cotton, wool, wool tops, potatoes, cottonseed oil, and hides—to the Commodity Exchange Authority office in New York, N.Y., unless otherwise specifically instructed by the Commodity Exchange Authority.

This amendment is the same as was proposed in the above-mentioned notice. The purposes of this amendment are to define the word "trader" as used in the reporting regulations, to tell where reporting forms may be obtained, to provide for reports for the commodities which were brought under regulation by Public Law 90-258, to clarify the reporting instructions relating to controlled accounts, and to inform traders where reports should be filed. The portion of the amendment providing for reports for the new commodities should be made effective on June 18, 1968, the effective date of Public Law 90-258, which brings those

commodities under regulation. The other portions of the amendment merely clarify or make minor changes in existing provisions, hence impose no new requirements on the industry affected by the amendment. This is found to be good cause for making this amendment effective less than 30 days after the date of publication of this amendment in the **FEDERAL REGISTER**.

The reporting requirements contained herein have been approved by the Bureau of the Budget in accord with the Federal Reports Act of 1942 (44 U.S.C., Ch. 12).

This amendment shall become effective on June 18, 1968, the date of effectiveness of Public Law 90-258, the recent amendment to the Commodity Exchange Act.

Done at Washington, D.C., this 29th day of May 1968.

GEORGE L. MEHREN,
Assistant Secretary.

[F.R. Doc. 68-6533; Filed, June 3, 1968;
8:47 a.m.]

Chapter II—Securities and Exchange Commission

[Release No. 34-8321]

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

Tendering Securities Not Owned

The Securities and Exchange Commission today announced the adoption of Rule 10b-4 (17 CFR 240.10b-4) under the Securities Exchange Act of 1934 ("the Act") to prohibit "short tendering" in connection with a tender offer for or a request or invitation for tenders of any security. The rule applies to cash for stock as well as stock for stock offers, the latter being generally referred to as exchange offers.

On Securities Exchange Act Release No. 8224, the Commission on January 3, 1968 published its proposal to adopt Rule 10b-4 (17 CFR 240.10b-4).¹ It has considered the comments and suggestions submitted with respect to that proposal and now adopts the rule in the form set forth below.

In connection with a tender offer or a request or invitation for tenders of a particular security, it is customarily provided that the security tendered need not be deposited if a bank or a member firm of a national securities exchange guarantees delivery on demand or at a specified time if the tender is accepted. This practice has arisen to permit acceptance by a bank or such member firm on behalf of security holders who may be out of town or otherwise may be unable to deposit the securities at the time of tender. However, the practice has been the subject of abuses in situations in which tenders are accepted on a pro rata basis. In that context, some brokers have tendered a greater number of units than have been owned by them or by the customers on whose behalf the tender has been made, resulting in a disproportion-

ately large number of their securities being accepted in relation to the number tendered by other persons. When the Banking and Currency Committee of the Senate had under consideration S. 510, the bill to provide full disclosure of equity ownership of securities in connection with "take over" bids, the Committee adverted to this abuse, with the comment that the Commission has adequate power to deal with the problem under the anti-fraud provisions of the Act.²

The purpose of Rule 10b-4 (17 CFR 240.10b-4) is to eliminate such abuse. Thus, the rule provides that short tendering by any person shall constitute a manipulative or deceptive device or contrivance as used in section 10(b) of the Act. It prohibits a person from tendering any security for his own account unless he owns the security, or a security convertible into or exchangeable for, or an option, warrant, or right which entitles him to purchase the tendered security, provided he intends to and does convert, exchange, or exercise such right, warrant, or option to the extent necessary to deliver the tendered security. Moreover, it prohibits a person from tendering or giving a guarantee of a tender of a security on behalf of another person unless the security is in the possession of the person making the tender or giving the guarantee, or unless that person, acting in good faith, has reason to believe that the other person owns the tendered security or a security convertible into or exchangeable for, or an option, warrant, or right which entitles him to purchase the tendered security, and that such other person intends to convert, exchange, or exercise such right, warrant, or option to the extent necessary to deliver the tendered security. Although the rule prohibits short tendering, it would still be possible for a broker or a bank to guarantee delivery for customers who own the tendered securities and, in this way, to accommodate customers who are unable to deposit their securities before the termination of the tender offer.

The rule also sets forth criteria for determining when a person owns a security which is being tendered. He is deemed to own the security if he or his agent has title to it, or if he has entered into an unconditional, binding contract for the purchase of it even though he has not received it, or if he owns a security convertible into or exchangeable for the tendered security and has transmitted such security for conversion or exchange, or if he has an option to purchase or acquire the security and has exercised the option, or if he has rights or warrants to subscribe for the security and has exercised such rights or warrants. The rule makes it clear, however, that a person is deemed to own a security only to the extent that he has a net long position in it, and that the holder of an option who tenders the security which is the subject of the option must have rea-

son to believe that the maker or writer of the option has title to and possession of such security and will promptly deliver it upon exercise of the option.

Commission action. The Securities and Exchange Commission, acting pursuant to the provisions of the Securities Exchange Act of 1934, and particularly sections 10(b) and 23(a) thereof, and deeming it necessary and appropriate in the public interest and for the protection of investors, hereby amends Part 240 of Chapter II of Title 17 of the Code of Federal Regulations by adopting Rule 10b-4 (17 CFR 240.10b-4) as set forth below, effective July 1, 1968.

§ 240.10b-4 Short tendering of securities.

(a) It shall constitute a "manipulative or deceptive device or contrivance" as used in section 10(b) of the Act for any person, in response to an offer for, or to a request or invitation for tenders of, any security,

(1) To tender any security for his own account unless (i) he owns the security or, (ii) he owns a security convertible into or exchangeable for, or owns an option, warrant or right to purchase the tendered security, intends to acquire the tendered security, by conversion, exchange, or exercise of such option, warrant, or right to the extent necessary to deliver the tendered security, and, upon the acceptance of his tender, he does convert, exchange, or exercise such option, warrant, or right to the extent necessary to deliver the tendered security: *Provided, however,* That if he tenders a security on the basis of his ownership of an option to purchase such security, he shall have reason to believe that the maker or writer of the option has title to and possession of such security and will promptly deliver it upon exercise of the option; or,

(2) To tender or guarantee the tender of any security on behalf of another person, unless (i) such security is in the possession of the person making the tender or giving the guarantee, or (ii) the person making the tender or giving the guarantee, upon information furnished by the person on whose behalf the tender or guarantee is made, has reason to believe that such person owns the security tendered and, as soon as possible, without undue inconvenience or expense, will deliver the security for the purpose of the tender to the person making the tender or giving the guarantee, or (iii) the person on whose behalf the tender or guarantee is made owns a security convertible into, or exchangeable for, or owns an option, warrant, or right to purchase the tendered security and the person making the tender has reason to believe that such other person intends to acquire the tendered security, by the conversion, exchange, or exercise of such option, warrant or right to the extent necessary to deliver the tendered security: *Provided, however,* That if the tender or guarantee of the tender of a security is made on the basis of the ownership of an option to purchase such security, the person making the tender

¹ 33 F.R. 514, published in the **FEDERAL REGISTER** of Jan. 13, 1968.

² S. Rept. 500, 90th Cong. 1st sess. (1967) p. 5.