(Sec. 204(a), Federal Aviation Act of 1958, as amended, 72 Stat. 743; 40 U.S.C. 1324. Reorganization Plan No. 3 of 1961, 75 Stat. 837, 26 FR 5989; 40 U.S.C. 1324 (note))

By the Civil Aeronautics Board.

HARRY J. ZINK,
Secretary.

[FR Doc.73-4253 Filed 3-5-73;8:45 am]

Title 16—Commercial Practices

CHAPTER I—FEDERAL TRADE COMMISSION

[Docket No. C-2347]

PART 13—PROHIBITED TRADE PRACTICES

Davis Carpet Mills, Inc. et al.

Subpart—Importing, manufacturing, selling, or transporting flammable wear: § 13.1060 *Importing, manufacturing, selling, or transporting flammable wear.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, Davis Carpet Mills, Inc. et al., Ellijay, Ga., Docket No. C-2347, Jan. 30, 1973]

In the Matter of Davis Carpet Mills, Inc., a Corporation, Davis Tile Co., Inc., a Corporation, and Ralph T. Davis, Individually and as an Officer of the Said Corporations

Consent order requiring an Ellijay, Ga., seller and manufacturer of carpets and rugs, among other things to cease manufacturing for sale, selling, importing, or distributing any product, fabric, or related material which fails to conform to an applicable standard of flammability or regulation issued under the provisions of the Flammable Fabrics Act, as amended.

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

It is ordered, That respondents Davis Tile Co., Inc., a corporation, its successors and assigns, and its officers, Davis Carpet Mills, Inc., a corporation, its successors and assigns, and its officers, and respondent Ralph T. Davis, individually and as an officer of said corporations and respondents' agents, representatives, and employees directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric or related material; or manufacturing for sale, selling or offering for sale, any product made of fabric or related material which has been shipped or received in commerce, as "commerce", "product", fabric", and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint, of the flammable nature of said products and effect the recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the provisions of this order with respect to customer notification, recall and processing or destruction shall be applicable to your products made in style "Princess" carpet tiles in colors "Lilac Pink" and "Orange Flame" as designated in subparagraph 1 of paragraph 2 of the complaint giving rise to this order and any subsequent products made in any style or any color, and determined to be in violation of the Flammable Fabrics Act, as amended, prior to the date of acceptance by the Commission, of the final compliance report.

It is further ordered, That respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning: (1) The identity of the products which gave rise to the complaint, (2) the identity of the purchasers of said products, (3) the amount of said products on hand and in the channels of commerce, (4) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (5) any disposition of said products since March 7, 1972, and (6) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or to destroy said products, and the results of such action. Respondents will submit with their report, a complete description of each style of carpet or rug currently in inventory or production. Upon request, respondents will forward to the Commission for testing, a sample of any such carpet or rug.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents such as dissolution, assignment, or sale resulting in the emergence of a successor corporation or successor corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall incude respondent's current business or employment in which he is engaged as well as a description of his duties and responsibilities.

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: January 30, 1973.

By the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc.73-4222 Filed 3-5-73;8:45 am]

[Docket No. C-2350]

PART 13—PROHIBITED TRADE PRACTICES

J. C. Penney Company, Inc.

Subpart—Advertising falsely or misleadingly: § 13.170 *Qualities or properties of product or service:* 13.170-40 Fire-extinguishing or fire-resistant. Subpart—Misrepresenting oneself and goods—Goods: § 13.1710 *Qualities or properties.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, J. C. Penney Company, Inc., New York, N.Y., Docket No. C-2359, Feb. 2, 1973]

In the Matter of J. C. Penney Company, Inc., a Corporation

Consent order requiring the nation's second largest retailing organization located in New York City, among other things to cease representing that certain of their merchandise, including mattress pads and covers, sheets, pillow cases, and protectors, are flame-retardant or have been treated with a flame retardant finish.

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

It is ordered, That respondent J. C. Penney Company, Inc., a corporation, its successors and assigns and respondent's officers, agents, representatives and employees directly or through any corporation, subsidiary, division, or other device in connection with the advertising, offering for sale, sale and distribution of mattress pads, mattress covers, sheets, pillow cases, and pillow protectors, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing directly or indirectly that said products are flame retardant, or have been treated with a flame retardant finish, and from utilizing any words or depictions of similar import or meaning in connection therewith, unless all uncovered or exposed parts (except sewing threads) will retard and resist flame,

flare, and smouldering, or have been treated with a finish which will retard and resist flame, flare, and smouldering.

It is further ordered, That in all instances where respondent represents said products to be flame retardant or treated with a flame retardant finish, that warnings be provided in or on the packaging in immediate conjunction with said representations and in type or lettering of equal size and conspicuousness, and on a label affixed to the products securely and with sufficient permanency to remain in a conspicuous, clear, and plainly legible condition, of any danger from flammability which may result if these products be dry cleaned or washed by other than the recommended means or in excess of a stated number of times.

It is further ordered, That respondent make every reasonable effort to immediately notify in writing all of its customers who have purchased or to whom have been delivered the mattress pad which gave rise to this complaint to alert them to the fact that the top, bottom, and skirt portions of such pad had been treated with a flame retardant chemical, but that the binding tape portion, which joins the top of the pad to the skirt portion, may have not in some cases have been so treated; therefore, purchasers should not expect complete protection against all types of flames.

It is further ordered, That respondent notify the Commission at least 30 days prior to any proposed changes in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other changes in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all personnel of respondent responsible for the preparation, creation, production, or publication of advertising, packaging, or labeling of all products covered by this order.

It is further ordered, That respondent herein shall, within sixty (60) days after service upon it 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: February 2, 1973.

By the Commission.

[SEAL] VIRGINIA M. HARDING,
Acting Secretary.

[FR Doc.73-4225 Filed 3-5-73;8:45 am]

[Docket No. C-2348]

PART 13—PROHIBITED TRADE PRACTICES

K & J Carpets et al.

Subpart—Importing, manufacturing, selling, or transporting flammable wear, § 13.1060 Importing, manufacturing, selling, or transporting flammable wear.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 67 Stat. 111, as amended; 15 U.S.C. 45, 1191) [Cease and desist order, K & J Carpets et al., Dalton, Ga., Docket No. C-2348, Jan. 30, 1973]

In the Matter of K & J Carpets, a Partnership, and James A. Kittle and Dennis L. Jackson, Individually and as Copartners Trading as K & J Carpets

Consent order requiring a Dalton, Ga., manufacturer and seller of carpets and rugs, among other things to cease manufacturing for sale, selling, importing, or distributing any product, fabric, or related material which fails to conform to an applicable standard of flammability or regulation issued under the provisions of the Flammable Fabrics Act, as amended.

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

It is ordered, That respondents K & J Carpets, a partnership, and James A Kittle and Dennis L. Jackson, individually and as copartners trading and doing business as K & J Carpets, or under any other name or names, their successors and assigns, and respondents' representatives, agents, and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling, or offering for sale, any product made of fabric, or related material which has been shipped or received in commerce as "commerce," "product," "fabric," and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric, or related material fails to conform to an applicable standard or regulation continued in effect, issued, or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint, of the flammable nature of said products and effect the recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the identity of the purchasers of said products, (3) the amount of said products on hand and in the channels of commerce, (4) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and the results thereof, (5) any disposition of said products since August 31, 1972, and (6) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or to destroy said products, and the results of such action. Respondents will submit, with their report, a complete description of each style of carpet or rug currently in inventory or production. Upon request, respondents will forward to the Commission for testing a sample of any such carpet or rug.

It is further ordered, That the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include individual respondents' current business or employment in which they are engaged as well as a description of their duties and responsibilities.

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: January 30, 1973.

By the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc.73-4224 Filed 3-5-73;8:45 am]

[Docket No. C-2349]

PART 13—PROHIBITED TRADE PRACTICES

Michael Yaccarino and Reno's Auto Sales

Subpart—Advertising falsely or misleadingly: § 13.73 *Formal regulatory and statutory requirements:* 13.73–92 Truth in Lending Act; § 13.155 *Prices:* 13.155–95 Terms and conditions; 13.155–95(a) Truth in Lending Act. Subpart—Misrepresenting oneself and goods—Goods: § 13.1623 *Formal regulatory and statutory requirements:* 13.1623–95 Truth in Lending Act;—Prices: § 13.1823 *Terms and conditions;* 13.1823–20 Truth in Lending Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements;* 13.1852–75 Truth in Lending Act; § 13.1905 *Terms and conditions;* 13.1905–50 Sales contract; 13.1905–60 Truth in Lending Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, 82 Stat. 146, 147; 15 U.S.C. 45, 1601–1605) [Cease and desist order, Michael Yaccarino t/a Reno's Auto Sales, Neptune, N.J., Docket No. C-2349, Feb. 1, 1973]

In the Matter of Michael Yaccarino, an Individual Doing Business as Reno's Auto Sales

Consent order requiring a Neptune, N.J., seller and distributor of used automobiles, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act. Respondent is further required to provide his customers who speak and read only Spanish with contracts and credit cost disclosures printed in Spanish.

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

I. *It is ordered,* That respondent Michael Yaccarino, an individual doing business as Reno's Auto Sales, and respondent's agents, representatives, employees, successors, and assigns, directly or through any corporate or other device or under any other name in connection with any consumer credit sale, as "consumer credit" and "credit sale" are defined in Regulation Z (12 CFR Part 226) of the Truth in Lending Act (Public Law 90-321, 15 U.S.C. 1601 et seq.) do forthwith cease and desist from:

1. Failing to use the term "cash downpayment" to describe the downpayment in money made in connection with the credit sale, as required by § 226.8(c)(2) of Regulation Z.

2. Failing to use the term "unpaid balance of cash price" to describe the difference between the cash price and the total downpayment as required by § 226.8(c)(3) of Regulation Z.

3. Failing to use the term "amount financed" to describe the amount of credit extended as required by § 226.8(c)(7) of Regulation Z.

4. Failing in some instances to use the term "finance charge" to describe the sum of all charges required by § 226.4 of Regulation Z to be included therein, as required by § 226.8(c)(8)(i) of Regulation Z.

5. Failing to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and failing in some instances to describe that sum as the "deferred payment price," as required by § 226.8(c)(8)(ii) of Regulation Z.

6. Failing in some instances to use the term "annual percentage rate" to express the rate of finance charge as required by § 226.8(b)(2) of Regulation Z.

7. Failing to disclose the annual percentage rate computed in accordance with § 226.8(b)(2) of Regulation Z.

8. Failing to use the term "total of payments" to describe the sum of the payments scheduled to repay the indebtedness as required by § 226.8(b)(3) of Regulation Z.

9. Failing to identify the method of computing any unearned portion of the finance charge in the event of prepayment of the obligation, as required by § 226.8(b)(7) of Regulation Z.

10. Failing to make full disclosure before the transaction is consummated and to furnish the customers with a duplicate of the instrument or a statement by which the required disclosures are made, as required by § 226.8(a) of Regulation Z.

11. Failing to print the term "finance charge" more conspicuously than other terminology where such term is required to be used, as required by § 226.6(a) of Regulation Z.

12. Failing to: (a) Obtain a specific dated and separately signed affirmative written indication of the customer's desire for credit life insurance to be written in connection with its credit sale, and (b) disclose the cost of such insurance to the customer in the insurance authorization signed by the customer, as required by § 226.4(a)(5) of Regulation Z.

13. Failing to furnish a clear, conspicuous, and specific statement in writing setting forth: (a) The cost of insurance against loss or damage to the property purchased which is written in connection with the credit transaction, and (b) the privilege of the customer to choose the person through whom the insurance is to be obtained, as required by § 226.4(a)(6) of Regulation Z.

14. Failing to properly identify the creditor as required by § 226.8(a) of Regulation Z.

15. Failing to comply with § 226.6(k) of Regulation Z by continuing to use printed retail in stallment contract forms subsequent to December 31, 1969, which did not conform to the specific disclosure requirements of Regulation Z.

16. Failing, in any consumer credit transaction or advertisement, to make all disclosures determined in accordance with §§ 226.4 and 226.5 of Regulation Z, in the manner, form, and amount required by §§ 226.6, 226.7, 226.8, 226.9, and 226.10 of Regulation Z.

It is further ordered, That respondent prominently displayed no less than two signs on the premises which will clearly and conspicuously state that a customer must receive a complete copy of the consumer credit cost disclosures, as required by the Truth In Lending Act, in any transaction consummated.

ORDER

II. *It is further ordered,* That respondent, Michael Yaccarino, an individual doing business as Reno's Auto Sales, and respondent's agents, representatives and employees, and their successors and assigns, directly or through any corporate or other device or under any other name or names, in connection with the advertising, offering for sale, sale and distribution of used automobiles in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from failing to provide customers who speak and read only Spanish with contracts and credit cost disclosures printed in Spanish.

It is further ordered, That respondent deliver a copy of this order to cease and desist to all present and future personnel of respondent engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, and that respondent secures a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business or employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

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

Issued: February 1, 1973.

By the Commission.

[SEAL] CHARLES A. TOBIN, *Secretary.*

[FR Doc.73-4223 Filed 3-5-73;8:45 am]

Title 17—Commodity and Securities Exchanges

CHAPTER II—SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-5373, 34-10006, 35-17882, 40-7673, AS-141]

PART 210—FORM AND CONTENT OF FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, AND INVESTMENT COMPANY ACT OF 1940

Interpretations and Minor Amendments Applicable to Certain Revisions of Regulation S-X

The Commission adopted amendments to Regulation S-X (17 CFR Part 210) in Accounting Series Release Nos. 125 (June 23, 1972) (37 FR 14591) and 128 (September 20, 1972) (37 FR 20235) in which various sections of the regulation were extensively revised. The amendments were made effective with respect to financial statements for periods ending on or after December 31, 1972.[1]

Subsequent to the issuance of the releases a number of inquiries have been received by the staff regarding the meaning or interpretation of new terms, instructions or rules in the revised

[1] The effective date of the requirement for compensating balance disclosure was deferred to cover periods beginning on or after Dec. 30, 1972 (Accounting Series Release No. 136) (38 FR 1733).

regulations. Interpretations of such items on the basis of the questions raised are given in Part A of this release. In Part B, a number of minor amendments have been adopted to correct errors of a typographical or editorial nature which have been noted or to clarify certain items.

PART A—INTERPRETATIONS

General. Financial statements, notes and schedules filed for fiscal periods ending before December 31, 1972, the effective date specified in Accounting Series Release Nos. 125 and 128, need not, but may if a registrant prefers, be conformed to the amendments to Regulation S-X adopted in those releases.

In instances where, because of the new test for a significant subsidiary, the separate financial statements of additional subsidiaries are required in filings which had not been required in prior filings on the basis of the old tests of significance, the requirements in the filing forms for audited financial statements of such subsidiaries for earlier periods will be applicable. However, a request for waiver of the audit requirement for the financial statements for the earlier periods will be considered if such requirement is impracticable or would cause undue hardship.

Section 210.1-02.—Definitions of terms used in regulation S-X. In making the tests for significance called for in the definition of "significant subsidiary" in this rule the proportionate share of the assets or sales of the subsidiary after intercompany eliminations would be compared to the consolidated assets or sales after normal intercompany eliminations but without elimination of the investments and advances to subsidiaries and 50 percent or less owned persons. With respect to application of the test to unconsolidated subsidiaries or other persons who also have equity interests in other subsidiaries or other persons, the proportionate share of the assets (in lieu of the investment and advances) or of sales of such other subsidiary or other persons should not be added to the assets or sales of the unconsolidated subsidiary or 50 percent or less owned person for the purpose of this test.

Section 210.3-16(i).—Commitments and contingent liabilities. The disclosure regarding noncancelable leases specified in part (2) of this rule may be limited to such leases which have a noncancelable term of 1 year or longer.

Section 210.3-16 (j) and (n). The term "key employees" used in those rules is interpreted in the sense of "selected employees" or the employees to which a bonus plan or plan for the sale of stock is applicable when such plan is not available to all employees on a pro rata basis.

Section 210.3-16(o).—Income tax expense. With regard to the separate disclosure of other income taxes specified in this rule, state and foreign income taxes should be reported separately if either item amounts to 5 percent of the component.

Section 210.4-03.—Group financial statements of subsidiaries not consolidated and 50 percent or less owned persons. Under this rule, significant majority-owned unconsolidated subsidiaries may not be combined with 50 percent or less owned persons and significant 50 percent or less owned persons may not be combined with majority-owned unconsolidated subsidiaries. However, if all such persons are not significant individually or as a group, they may be combined in one statement.

Section 210.4-07.—Consolidation of financial statements of a registrant and its subsidiaries engaged in diverse financial activities. With regard to the separate audited financial statements for each significant financial subsidiary or each significant group of financial subsidiaries required under part (a) of this rule, different types of insurance companies (e.g., life; fire, and casualty) may not be considered together as one group of financial subsidiaries.

With regard to whether specific subsidiaries are financial or nonfinancial activities for purposes of part (b) of this rule, the circumstances in each case would have to be considered. For example, it is considered that a leasing subsidiary with both financing and nonfinancing types of leases is a financial activity; an investment banking subsidiary or a broker-dealer subsidiary is a financial activity; and a real estate subsidiary whose primary business is holding mortgage loans would be considered a financial activity, while such subsidiary whose primary business is constructing homes or developing land would be a nonfinancial activity. Other examples of nonfinancial activities are subsidiaries which sell mutual fund securities or are advisers to mutual funds or to real estate companies which are not related to the parent or its subsidiaries.

In the determination of whether an activity is principally for the benefit of the operations of the major group as specified in part (b) of this rule, if 50 percent or more of the activity benefits or supports the major group all of the activity would be so classified.

Section 210.5-02-6.—Inventories. In the determination of replacement or current cost for the purpose of disclosing the excess of that amount over the stated LIFO value, any inventory method may be used (such as FIFO or average cost) which derives a figure approximately current cost.

Section 210.5-02-39—Other stockholders' equity. In providing the disclosure regarding the undistributed earnings of unconsolidated subsidiaries and 50 percent or less owned persons as specified in part (b) of this rule, the amount to be disclosed would be the difference between the cumulative equity in earnings of the unconsolidated persons reflected in consolidated retained earnings and the cumulative dividends received from such persons by the consolidated group. Dividends paid to shareholders of the consolidated group should not be considered in the calculation since they are not relevant to the undistributed earnings of such persons.

Section 210.9-05—Financial statements and schedules of banks.—When Schedule VIII, specified in part (b) (4) of this rule, is filed with the consolidated financial statements of a registrant bank holding company, the directors, officers, and principal holders of equity securities of the registrant and its affiliates shall be considered as persons in those relationships with the registrant bank holding company and each bank and other affiliate, and the amounts to be reported shall be aggregate indebtedness of each of those persons to all companies in the consolidated group. Write-offs of any such indebtedness during the period being reported on shall be separately disclosed. Information need not be reported concerning indebtedness to the consolidated group from an otherwise unaffiliated person in which one or more of the persons in the categories specified above are directors, officers or principal holders of equity securities of the otherwise unaffiliated persons or its affiliates.

In connection with unconsolidated financial statements of a parent bank holding company, the schedule requirements of Rule 5-04 (17 CFR 210.5-04) are applicable and the schedule prescribed by Rule 12 03 (17 CFR 210.12-03) shall be filed.

Section 210.12-16—Supplementary income statement information. The totals shown in this schedule should be the amounts described by each caption which are included in the income statement for the period covered.

The rents applicable to leased personal property to be included under Item 5 of Rule 12-16 (17 CFR 210.12-16), in accordance with Instruction 4, would be rents for personal property which is used for an extended period of time (generally more than 1 year) and which the company elects to rent or lease rather than to buy such as postage meters, computers, and trucks. The expected period of use of the asset rather than the legal term of the lease should govern. Temporary rentals such as a daily car rental or the rental of display space at a convention would be excluded.

Instruction 5 explaining "Advertising Costs" calls for the inclusion of "all costs related to advertising the company's name, products, or services in newspapers, periodicals, or other advertising media." Such costs would include the indirect costs expended in support of advertising such as the cost of an advertising department, a market research group which specializes in evaluation of advertising and promotional efforts (but not all market research), a media buying department, or a graphic arts department that specializes in the preparation of advertising copy, as well as the direct costs of advertising space. In addition, the cost of "other advertising media" would generally include expenditures for preparing and mailing sales brochures and direct mail advertising materials. In cases where a company or division is primarily in the mail-order business, however, the costs of preparing a catalog would be a selling cost similar to that of a salesman in most industrial concerns,

and such catalog costs should not be included in "advertising costs." The cost of employing salesmen, preparing product display signs, printing price list, and standard product catalogs, and reports to stockholders should also not be considered advertising costs for purposes of this rule.

It is recognized that the distinction between advertising costs and other selling expenses is frequently not clear cut. Where the guidance set forth herein is not sufficient to enable the registrant to determine the appropriateness of including or excluding certain classifications of significant costs, disclosure of the type of costs included or excluded from the caption will be a satisfactory solution.

Under Item 8, research and development costs, all costs charged to expense as incurred in the current period for the benefit of the company in these account classifications should be reported. These would include company sponsored projects of pure and practical research as well as the development of new products or services or new or better production machinery and equipment and for the improvement of existing products and services. The amortization of deferred research and development costs should not be included herein since this amount is described in Item 3 of the schedule.

PART B—CORRECTIONS, CLARIFICATIONS, AND EDITORIAL CHANGES

Commission action. The Commission hereby amends the following sections of Part 210 of Chapter II of Title 17 of the Code of Federal Regulations, and, as so amended, they shall read as shown in the attached text of the amendments.

The amendments to Regulation S–X are adopted pursuant to authority conferred on the Securities and Exchange Commission by the Securities Act of 1933, particularly sections 6, 7, 8, 10, and 19(a) thereof; the Securities Exchange Act of 1934, particularly sections 12, 13, 15(d), and 23(a) thereof; the Public Utility Holding Company Act of 1935, particularly sections 5(b), 14, and 20(a) thereof; and the Investment Company Act of 1940, particularly sections 8, 30, 31(c), and 38(a) thereof.

(Secs. 6, 7, 8, 10, 19(a), 48 Stat. 78, 79, 81, 85, secs. 205, 209, 48 Stat. 906, 908, sec. 8, 68 Stat. 685, 15 U.S.C. 77f, 77g, 77h, 77j, 77s; secs. 12, 13, 15(d), 23(a), 48 Stat. 892, 894, 895, 901, secs. 3, 8, 49 Stat. 1377, 1379, secs. 3, 4, 6, 10, 78 Stat. 565, 569, 570, 580, secs. 1, 2, 84 Stat. 1497, 15 U.S.C. 78l, 78m, 78o(d), 78w; secs. 5(b), 14, 20(a), 49 Stat. 812, 827, 833, 15 U.S.C. 79e, 79n, 79t; secs. 8, 30, 31(c), 38(a), 54 Stat. 803, 836, 838, 841, sec. 3(c), 84 Stat. 1415, 15 U.S.C. 80a–8, 80a–29, 80a–30(c), 80a–37(a))

The text of the amendments is attached to this release.

By the Commission.

[SEAL] RONALD F. HUNT, *Secretary.*

FEBRUARY 15, 1973.

AMENDMENTS OF REGULATION S–X [PART 210 OF THIS CHAPTER]

1. Section 210.1–02(g)(2) is amended to read as follows:

§ 210.1–02 Definitions of terms used in Regulation S–X (Part 210 of this chapter).

* * * * *

(q) *Promoter.* The term "promoter" includes—

* * * * *

(2) Any person who, in connection with the founding and organizing of the business or enterprise of an issuer, directly or indirectly receives in consideration of services or property, or both services and property, 10 percent or more of any class of securities of the issuer or 10 percent or more of the proceeds from the sale of any class of securities. However, a person who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this paragraph if such person does not otherwise take part in founding and organizing the enterprise.

* * * * *

2. Sections 210.3–15 is amended to read as follows:

§ 210.3–15 Discount on capital shares.

Discount on capital shares, or any unamortized balance thereof, shall be shown separately as a deduction from capital shares or from other stockholders' equity as circumstances require.

3. Paragraph 23 of § 210.5–02 is amended to read as follows:

§ 210.5–02 Balance sheets.

* * * * *

23. Deferred commissions and expense on capital shares. State, in a note referred to herein, the policy for deferral and amortization. These items may be shown as deductions from other stockholders' equity.

* * * * *

4. Paragraph (a)(1) and Schedule X of § 210.5–04 are amended to read as follows:

§ 210.5–04 What schedules are to be filed.

(a) * * *

(1) The schedules specified below in this section as Schedules I, IX, XI, XIII, XIV, XV, XVII, XVIII, and XIX shall be filed as of the dates of the most recent audited balance sheet and any subsequent unaudited balance sheet being filed for each person or group: *Provided,* That any such schedule (other than Schedules I, XIII, XVII, XVIII, and XIX) may be omitted if both of the following conditions exist:

* * * * *

Schedule X—Indebtedness to affiliates and other persons; not current. The schedule prescribed by § 210.12–11 shall be filed in support of Caption 31 of each balance sheet; however, the required information may be presented separately on Schedule III or Schedule IV. This schedule may be omitted if: (1) Neither the sum of Captions 10 and 11 in the related balance sheet nor the amount of Caption 31 in such balance sheet exceeds 5 percent of total assets as shown by the related balance sheet at either the beginning or end of the period, or (2) there have been no material changes in the information required to be filed from that last previously reported.

* * * * *

5. Paragraph (b)(4) of § 210.9–05 is amended to read as follows:

§ 210.9–05 Financial statements and schedules of banks.

* * * * *

(b) * * *

(4) *Schedule VIII.* Amounts receivable from directors, officers, and principal holders (other than affiliates) of equity securities of the person and its affiliates. A schedule in the format prescribed by § 210.12–03 shall be filed showing the aggregate amounts of indebtedness of more than $20,000 or 1 percent of total assets, whichever is less, of each director, officer, or principal holder (other than affiliates) of equity securities of the person and its affiliates that are receivable or were receivable at any time during the period for which related income statements are required to be filed. It shall not be necessary to disclose a loan or extension of credit to any person made in the ordinary course of business that (i) was made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and (ii) did not involve more than normal risk of collectibility or present other unfavorable features. Notwithstanding the foregoing, disclosure shall be made if at any time during the period for which related income statements are required to be filed there existed—

* * * * *

6. Sections 210.12–02, 210.12–04, 210.12–06, 210.12–16, 210.12–42, and 210.12–43 are revised to read as follows.

§ 210.12–02 Marketable securities—other security investments.

Column A	Column B	Column C	Column D[3]
Name of issuer and title of each issue.[1]	Number of shares or units—principal amount of bonds and notes.	Amount at which shown in the balance sheet.[2]	Value based on market quotations at balance sheet date.

[1] (a) Each issue shall be stated separately, except that reasonable groupings, without enumeration, may be made of (1) securities issued or guaranteed by municipalities, states, the U.S. Government or agencies thereof and (2) securities issued by others for which the amounts shown in column C in the aggregate are not more than 2 percent of total assets.

(b) In the case of bank holding companies group separately (1) securities of banks and (2) other securities, and in column C show totals for each group.

[2] State the basis of determining the amounts in column C. Column C shall be totaled to correspond to the respective balance sheet captions.

[3] This column may be omitted if all amounts that would be shown are the same as those shown in column C.

§ 210.12–04 Investments in, equity in earnings of, and dividends received from affiliates and other persons.

Column A	Column B		Column C		Column D		Column E		Column F
	Balance at beginning of period		Additions		Deductions		Balance at end of period		
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	
Name of issuer and description of investment [1]	Number of shares or units [2] Principal amount of bonds and notes	Amount in dollars.	Equity taken up in earnings (losses) of affiliates and other persons for the period [3]	Other [4]	Distribution of earnings by persons in which earnings (losses) were taken up [5]	Other [6]	Number of shares or units.[2] Principal amount of bonds and notes	Amount in dollars [7]	Dividends received during the period from investments not accounted for by the equity method. [8]

[1] (a) Group separately securities of (1) subsidiaries consolidated, (2) subsidiaries not consolidated, (3) other affiliates, and (4) other persons, the investments in which are accounted for by the equity method, showing shares and bonds separately in each case. Investments in individual affiliates which, when considered with related advances, exceed 2 percent of total assets shall be stated separately. Dividends from (1) marketable securities and (2) other security investments shall also be included and may be shown in separate aggregate amounts.

(b) Those foreign investments, the enumeration of which would be detrimental to the registrant, may be grouped.

[2] Disclose, in the column or in a note hereto, the percentage of ownership interest represented by the shares or units, if material.

[3] The total of column C(1) shall be reconciled with the amount of the related income statement caption.

[4] Briefly describe each item in column C(2); if the cost thereof represents other than a cash expenditure, explain. If acquired from an affiliate (and not an original issue of that affiliate) at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within 2 years prior to the acquisition by the person for which the statement is filed.

[5] As to any dividends other than cash, state the basis on which they have been taken up in the accounts, and the justification for such action. If any such dividends received from affiliates have been credited in the accounts in an amount differing from that charged to retained earnings by the disbursing company, state the amount of such difference and explain.

[6] Briefly describe each item in column D(2) and state; (a) Cost of items sold and how determined; (b) amount received (if other than cash, explain); and (c) disposition of resulting profit or loss.

[7] The total (or a sub-total) of column E(2) shall be reconciled with the amount reported under caption 10 of the related balance sheet.

§ 210.12–06 Property, plant and equipment.[1]

Column A	Column B	Column C	Column D	Column E	Column F
Classification [2]	Balance at beginning of period [3]	Additions at cost [4]	Retirements [5]	Other changes—add (deduct)—describe [6]	Balance at end of period

[1] Comment briefly on any significant and unusual additions, abandonments, of retirements, or any significant and unusual changes in the general character and location, of principal plants and other important units, which may have occurred within the period.

[2] (a) Show by major classifications, such as land, buildings, machinery, and equipment, leaseholds, or functional grouping. If such classification is not present or practicable, this may be stated in one amount. The additions included in column C shall, however, be segregated in accordance with an appropriate classification. If property, plant and equipment abandoned is carried at other than a nominal amount indicate, if practicable, the amount thereof and state the reasons for such treatment. Items of minor importance may be included under a miscellaneous caption.

(b) *Public utility companies.* A public utility company shall, to the extent practicable, classify utility plant by the type of service rendered (such as electric, gas, transportation and water) and shall state separately under each of such service classifications the major subclassifications of utility plant accounts.

(c) *Mining companies using §§ 210.5a–01 to 210.5a–07.* Such mining companies shall include herein only depreciable mine property, plant and equipment at dollar amounts required by the instructions set forth under caption 13, property, plant and equipment of §§ 210.5a–01 to 210.5a–07. A mining company falling into this category shall also, to the extent practicable, observe the other instructions set forth under this rule.

[3] If neither the total additions nor total deductions during any of the periods covered by the schedules amount to more than 10 percent of the ending balance of that period and a statement to that effect is made, the information required by columns B, C, D, and E may be omitted for that period, provided that the totals of columns C and D are given in a note hereto and provided further than any information required by instructions 4, 5, and 6 shall be given and may be in summary form.

[4] For each change in accounts in column C that represents anything other than an addition from acquisition, and for each change in that column that is in excess of 2 percent of total assets, at either the beginning or end of the period, state clearly the nature of the change and the other accounts affected. If cost of property additions represents other than cash expenditures, explain. If acquired from an affiliate at other than cost to the affiliate, show such cost, provided the acquisition by the affiliate was within 2 years prior to the acquisition by the person for which the statement is filed.

[5] If changes in column D are stated at other than cost, explain if practicable.

[6] State clearly the nature of the changes and the other accounts affected. If provision for depreciation, depletion and amortization of property, plant and equipment is credited in the books directly to the asset accounts, the amounts shall be stated in column E with explanations, including the accounts to which charged.

§ 210.12–16 Supplementary income and statement information.[1]

Column A Item	Column B[2] Charged to costs and expenses
1. Maintenance and repairs	
2. Depreciation, depletion and amortization of property, plant and equipment	
3. Depreciation and amortization of intangible assets, deferred research and development expenses, preoperating costs and similar deferrals[3]	
4. Taxes, other than income taxes[3]	
5. Rents[4]	
6. Royalties	
7. Advertising costs[5]	
8. Research and development costs (excluding amortization of deferred costs	

[1] State, for each of the items noted in column A which exceeds 1 percent of total sales and revenues as reported in the related income statement, the amount called for in column B.

[2] Totals may be stated in column B without further designation of the accounts to which charged.

[3] State separately each category of tax which exceeds 1 percent of total sales and revenues.

[4] Include rents applicable to leased personal property.

[5] This item shall include all costs related to advertising the company's name, products or services in newspapers; periodicals or other advertising media.

[6] State separately each category of cost amortized.

§ 210.12–42 Real estate and accumulated depreciation.[1]

(For Certain Real Estate Companies)

Column A	Column B	Column C		Column D		Column E			Column F	Column G	Column H	Column I
		Initial cost to company		Cost capitalized subsequent to acquisition		Gross amount at which carried at close of period[3,4,5,7]						
Description[2]	Encumbrances	Land	Buildings and improvements	Improvements	Carrying costs	Land	Buildings and improvements	Total	Accumulated depreciation	Date of construction	Date acquired	Life on which depreciation in latest income statements is computed

[1] All money columns shall be totaled.

[2] The description for each property should include type of property (e.g., unimproved land, shopping center, garden apartments, etc.) and the geographical location.

[3] The required information is to be given as to each individual investment included in column E except that an amount not exceeding 5 percent of the total of column E may be listed in one amount as "miscellaneous investments."

[4] In a note to this schedule, furnish a reconciliation, in the following form, of the total amount at which real estate was carried at the beginning of each period for which income statements are required, with the total amount shown in column E:

Balance at beginning of period ..... $.....
Additions during period:
Acquisitions through foreclosure ..... $.....
Other acquisitions .....
Improvements, etc. .....
Other (describe) .....
$.....
Deductions during period:
Cost of real estate sold ..... $.....
Other (describe) .....
$.....
Balance at close of period ..... $.....

If additions, except acquisitions through foreclosure, represent other than cash expenditures, explain. If any of the changes during the period result from transactions, directly or indirectly with affiliates, explain the bases of such transactions and state the amounts involved.

A similar reconciliation shall be furnished for the accumulated depreciation.

[5] If any item of real estate investments has been written down or reserved against, describe the item and explain the basis for the write-down or reserve.

[6] State in a note to column E the aggregate cost for Federal income tax purposes.

[7] The amount of all intercompany profits included in the total of column E shall be stated if material.

§ 210.12–43 Mortgage loans on real estate.[1]

(FOR CERTAIN REAL ESTATE COMPANIES)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
Description [2,3,4]	Interest rate	Final maturity date	Periodic Payment Terms [5]	Prior liens	Face amount of mortgages	Carrying amount of mortgages [2,6,7,8,9]	Principal amount of loans subject to delinquent principal or interest [10]

[1] All money columns shall be totaled.

[2] The required information is to be given for each individual mortgage loan which exceeds three percent of the total of column G.

[3] If the portfolio includes large numbers of mortgages most of which are less than three percent of column G, the mortgages not required to be reported separately should be grouped by classifications that will indicate the dispersion of the portfolio, i.e., for a portfolio of mortgages on single family residential housing. The description should also include number of loans by original loan amounts (e.g., over $100,000, $50,000–$99,999, $20,000–$49,000, under $20,000) and type loan (e.g., VA, FHA, Conventional). Interest rates and maturity dates may be stated in terms of ranges. Data required by columns D, E and F may be omitted for mortgages not required to be reported individually.

[4] Loans should be grouped by categories, e.g., first mortgage, second mortgage, construction loans, etc., and for each loan the type of property, e.g., shopping center, high rise apartments, etc., and its geographic location should be stated.

[5] State whether principal and interest is payable at level amount over life to maturity or at varying amounts over life to maturity. State amount of balloon payment at maturity, if any. Also state prepayment penalty terms, if any.

[6] In a note to this schedule, furnish a reconciliation, in the following form, of the carrying amount of mortgage loans at the beginning of each period for which income statements are required, with the total amount shown in column G:

Balance at beginning of period		$
Additions during period:		
New mortgage loans	$	
Other (describe)		
		$
Deductions during period:		
Collections of principal	$	
Foreclosures		
Cost of mortgages sold		
Amortization of premium		
Other (describe)		
		[7]
Balance at close of period		$ [7]

If additions represent other than cash expenditures, explain. If any of the changes during the period result from transactions, directly or indirectly with affiliates, explain the bases of such transactions, and state the amounts involved. State the aggregate mortgages (a) renewed and (b) extended. If the carrying amount of new mortgages is in excess of the unpaid amount of the extended mortgages, explain.

[7] If any item of mortgage loans on real estate investments has been written down or reserved against, describe the item and explain the basis for the write-down or reserve.

[8] State in a note to column G the aggregate cost for Federal income tax purposes.

[9] The amount of all intercompany profits in the total of column G shall be stated, if material.

[10] (a) Interest in arrears for less than 3 months may be disregarded in computing the total amount of principal subject to delinquent interest.

(b) Of the total principal amount, state the amount acquired from controlled and other affiliates.

[FR Doc.73-4063 Filed 3-5-73;8:45 am]

Title 19—Customs Bureau

CHAPTER I—BUREAU OF CUSTOMS, DEPARTMENT OF THE TREASURY

[T.D. 73-64]

PART 1—GENERAL PROVISIONS

Designation of National Holidays

Executive Order No. 11582, effective January 1, 1971 (34 FR 2957; 3 CFR Ch. II), implemented 5 U.S.C. 6103 which increases the number of national holidays from eight to nine and restated the dates for their celebration. The cited Executive order revoked Executive Orders No. 10358 of June 9, 1952, No. 11226 of May 27, 1965, and No. 11272 of February 23, 1966.

Accordingly, to conform the Customs regulations to Executive Order No. 11582, footnote 10 of § 1.7(a), is amended to read as follows:

§ 1.7 Hours of business.

(a) * * *[10]

(E.O. No. 11582, January 1, 1971; 34 FR 2957; 3 CFR Ch. II; R.S. 251, as amended, sec. 624, 46 Stat. 759; 5 U.S.C. 301; 19 U.S.C. 66, 1624)

[10] The national holidays are the first day of January, the third Monday of February, the last Monday of May, the fourth day of July, the first Monday of September, the second Monday of October, the fourth Monday of October, the fourth Thursday of November, the 25th of December, or any other calendar day designated as a holiday by Federal statute or Executive order. If a holiday falls on Saturday, the day immediately preceding such Saturday will be observed (5 U.S.C. 6103(b)(1)). If a holiday falls on Sunday, the following day will be observed.

This amendment deals with administrative matters relating to agency management and therefore notice and public procedure thereon is found to be unnecessary and good cause exists for dispensing with a delayed effective date under the provisions of 5 U.S.C. 553.

Effective date. This amendment shall be effective March 6, 1973.

[SEAL] VERNON D. ACREE,
Commissioner of Customs.

Approved: January 31, 1973.

EDWARD L. MORGAN,
Assistant Secretary of the Treasury.

[FR Doc.73-4203 Filed 3-5-73;8:45 am]

Title 33—Navigation and Navigable Waters

CHAPTER I—COAST GUARD, DEPARTMENT OF TRANSPORTATION

[CGD 5-73-02 R]

PART 127—SECURITY ZONES

Hampton Roads, Elizabeth River, Norfolk, Va.

This amendment to the Coast Guard's Security Zone Regulations establishes the waters of the Elizabeth River and Hampton Roads between the Norfolk and Portsmouth Beltline Railroad Bridge on the southern branch of the Elizabeth River and Elizabeth River Channel Lighted Horn Buoy 1, LL 2939, as a security zone. This security zone is established to prevent interference with the sailing of the U.S.S. *Independence* from the Norfolk Naval Shipyard, Portsmouth, Va.

This amendment is issued without publication of a notice of proposed rule making; and this amendment is effective in less than 30 days from the date of publication, because this security zone involves a military function of the United States.

In consideration of the foregoing, Part 127 of Title 33 of the Code of Federal Regulations is amended by adding § 127.500 to read as follows:

§ 127.500 Hampton Roads—Elizabeth River—Norfolk, Va.

The waters of the Elizabeth River, Norfolk, Va., are a security zone: from the Norfolk-Portsmouth Beltline Railroad Bridge on the southern branch of the Elizabeth River, at position 36°48'42" N. latitude, 76°17'26" W. longitude; to a line between position 36°59'12" N. latitude, 76°18'10" W. longitude (Fort Wool Light); and position 37°00'06" N. latitude, 76°18'24" W. longitude (Old Point Comfort Light).

(46 Stat. 220, as amended, § 1, 63 Stat. 503, § 6(b), 80 Stat. 937; 50 U.S.C. § 191, 14 U.S.C. § 91, 49 U.S.C. § 1655(b); E.O. 10173, E.O. 10277, E.O. 10352, E.O. 11249; 3 CFR, 1949–1953 Comp. 356, 778, 873, 3 CFR, 1964–1965 Comp. 349, 33 CFR Part 6, 49 CFR 1.46(b))

Effective date. This amendment is effective from 1000R to 1230R, March 6, 1973.

H. E. STEEL,
Captain, United States Coast Guard, Captain of the Port, Hampton Roads Area.

[FR Doc.73-4379 Filed 3-5-73;8:45 am]