

# rules and regulations

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each month.

[3410-01]

## Title 7—Agriculture

### SUBTITLE A—OFFICE OF THE SECRETARY OF AGRICULTURE

#### PART 2—DELEGATIONS OF AUTHORITY BY THE SECRETARY OF AGRICULTURE AND GENERAL OFFICERS OF THE DEPARTMENT

##### Revision of Delegations of Authority

AGENCY: Department of Agriculture.

ACTION: Final rule.

SUMMARY: This document revises the delegations of authority from the Secretary to reflect realignment of certain functions to the Assistant Secretary for Administration. The Department has determined that the functions performed by the Office of Automated Data Systems, the Office of Operations, and the Office of Finance should be combined into a new Office of Operations and Finance. This will bring together related administrative functions and provide the potential for reduced overhead in management.

EFFECTIVE DATE: February 13, 1978.

#### FOR FURTHER INFORMATION CONTACT:

Preston Davis, Management Division, Office of Budget, Planning and Evaluation, U.S. Department of Agriculture, Washington, D.C. 20250, 202-447-5301.

Subpart C—Delegations of Authority to the Deputy Secretary, Assistant Secretaries, the Director of Economics, Policy Analysis and Budget, and the Director, Office of Governmental and Public Affairs

1. Section 2.25 is amended by revoking and reserving paragraphs (c) and (f) and by revoking paragraph (b) and substituting the following in lieu thereof:

§ 2.25 Delegations of Authority to the Assistant Secretary for Administration.

(b) *Related to operations and finance.* (1) Promulgate departmental policies, standards, techniques, and procedures, and represent the Department in the following areas:

(i) Contracting for and the procurement of administrative and operating supplies, services, and construction.

(ii) Socioeconomic programs related to contracting, including Small Business Assistance, Labor Surplus Area Assistance, Disadvantaged Business Assistance, and Labor Standards.

(iii) Utilization of the resources of State and local governments and of the private sector in domestic program operations.

(iv) Selection, standardization, and simplification of program delivery processes utilizing grants, contracts, and/or agreements.

(v) Acquisition, leasing, utilization, value analysis, construction, maintenance, and disposition of real and personal property including control of space assignments and use.

(vi) Acquisition, storage, distribution, and disposition of forms and supplies.

(vii) Telecommunications.

(viii) Mail management.

(ix) Motor Vehicle Fleet and other vehicular transportation.

(x) Transportation of things.

(xi) Prevention, control, and abatement of air and water pollution at Federal facilities (Executive Order 11507).

(xii) Implementation of the Uniform Relocation Assistance and Real Property Policies Act of 1970 (Pub. L. 91-646).

(xiii) Develop and implement energy management actions related to the internal operations of the Department. Maintain liaison with other Government agencies in these matters.

(2) Operate or provide for the operation of centralized departmental services to provide printing, copy reduction, offset composition, supply, telephone, telegraph, mail, automated mailing lists, excess property pool, space allocation, central Secretary's records, departmental administrative regulations and Secretarial issuances, and related management support.

(3) Exercise following special authorities.

(i) Designate Department debarring officer to perform the functions of 41 CFR Subpart 1-1.6 and 41 CFR 4-1.601-1(a).

(ii) Promulgate Department schedule of fees and charges for reproductions, furnishing of copies and making searches for official records pursuant to the Freedom of Information Act, 5 U.S.C. 552.

(iii) Conduct liaison with the Office of the Federal Register including the

making of required certification pursuant to 1 CFR Part 4.

(iv) Maintain custody and permit appropriate use of the official seal of the Department.

(v) Promulgate policy for use of the official flags of the Secretary and the Department.

(vi) Coordinate collection of historical materials for Presidential Libraries.

(vii) Oversee the safeguarding of unclassified materials designated "For Official Use Only."

(viii) Establish standards for and coordinate the issuance of employee identification credentials within the Department.

(4) Exercise authority to:

(i) Make determinations and findings authorizing the use of negotiation in accordance with 41 U.S.C. 252(c) (11), (12), and (13) with respect to purchases and contracts:

(a) For experimental, developmental, or research work, or for the manufacture, or furnishing of property for experimentation, development, research, or test.

(b) For property or services when the character, ingredients, or components thereof are such that the contract should not be publicly disclosed.

(c) For technical equipment when it is determined that the procurement thereof without advertising is necessary in special situations or in particular localities in order to assure standardization of equipment and interchangeability of parts and where such standardization and interchangeability is necessary in the public interest.

(ii) Make determinations and findings authorizing the omission of the examination of records clause from contracts with foreign contractors and foreign subcontractors under the authority granted in 41 U.S.C. 304(c) (41 CFR 1-3.303; 1-6.1004).

(5) Exercise general responsibility and authority for all matters related to the administration of the Department's accounting and finance operations including:

(i) Financial administration, including accounting and related activities.

(ii) Development, maintenance and operation of Department-wide payroll and personnel statistics, payment, billing and collection, and accounting and related reporting systems.

(6) Formulate and promulgate departmental financial policies, procedures, and regulations.



(7) Provide staff assistance for the Secretary, general officers, and other Department and agency officials.

(8) Review financial aspects of agency operations and proposals.

(9) Represent the Department in contacts with the General Accounting Office, the Treasury Department, the Office of Management and Budget, and other organizations or agencies on matters related to assigned responsibilities.

(10) Designate the Department's Director of Finance.

(11) Provide management support services for the National Finance Center and, by agreements with agency heads concerned, provide such services for other USDA tenants housed in the same facility. As used herein, such management support service shall include:

(i) Personnel services, as listed in § 2.25 (e) (10), and organizational support services, with authority to take actions required by law or regulation to perform such services.

(ii) Procurement, property management, space management, communications, messenger, paperwork management, and related administrative services, with authority to take actions required by law or regulation to perform such services.

(12) Administer the Department's records, forms, reports, and directives management programs.

(13) Manage and operate the total USDA data processing program through all stages of the data processing management cycle: advance planning, feasibility, design, equipment selection and acquisition readiness effort, systems installation, system impact appraisal, time sharing and service center arrangement, systems monitoring, evaluation, and security.

(14) Exercise full Department-wide contracting and procurement authority for automatic data processing and data transmission equipment, software, services maintenance, and related supplies. This authority includes the promulgation of departmental directives regulating the management of contracting and procurement functions related to the above.

(15) Plan, develop, install, and manage departmental data bases and assist in maintenance of such systems to satisfy agency needs.

(16) Develop an integrated computer network for use by Department agencies and offices.

(c) [Revoked and reserved.]

\* \* \*

(f) [Revoked and reserved.]

\* \* \*

#### Subpart J—Delegations of Authority by the Assistant Secretary for Administration

2. Section 2.76 and 2.79 are revoked and reserved and § 2.75 is revoked and

the following substituted in lieu thereof:

#### § 2.75 Director, Office of Operations and Finance.

(a) *Delegations.* Pursuant to § 2.25 (b) and (d), the following delegations of authority are made by the Assistant Secretary for Administration to the Director, Office of Operations and Finance:

(1) Promulgate departmental policies, standards, techniques, and procedures, and represent the Department, in the following:

(i) Contracting for and the procurement of administrative and operating supplies, services, and construction.

(ii) Socioeconomic programs relating to contracting, including Small Business, Labor Surplus Area Assistance, Labor Standards, and Disadvantaged Business Assistance: *Provided*, That with respect to Disadvantaged Business Assistance this delegation is limited to promulgating departmental policies, standards, techniques, and procedures, in consultation with the Director, Office of Equal Opportunity.

(iii) Selection, standardization, and simplification of program delivery processes utilizing grants, contracts, and/or agreements.

(iv) Acquisition, leasing, utilization, value analysis, construction, maintenance, and disposition of real and personal property including control of space assignments and use.

(v) Acquisition, storage, distribution, and disposition of forms and supplies.

(vi) Telecommunications.

(vii) Mail management.

(viii) Motor Vehicle fleet and other vehicular transportation.

(ix) Transportation of things.

(x) Prevention, control, and abatement of air and water pollution at Federal facilities (E.O. 11507).

(xi) Implementation of the Uniform Relocation Assistance and Real Property Policies Act of 1970 (Pub. L. 91-646).

(xii) Develop and implement energy management actions related to the internal operations of the Department. Maintain liaison with other Government agencies in these matters.

(2) Operate, or provide for the operation of, centralized departmental services to provide printing, copy reproduction, offset composition, supply, telephone, telegraph, mail, automated mailing lists, excess property pool, space allocation, central Secretary's records, departmental administrative regulation and secretarial issuances, and related management support.

(3) Exercise the following special authorities:

(i) The Director, Office of Operations and Finance is designated as the Department's debarring officer, and authorized to perform the functions of 41 CFR Subpart 1-1.6 and 41 CFR Subpart 4-1.601-1(a).

(ii) Promulgation of Department schedule of fees and charges for reproductions, furnishing of copies, and making searches for official records pursuant to the Freedom of Information Act, 5 U.S.C. 552.

(iii) Conduct liaison with the Office of the Federal Register including the making of required certifications pursuant to 1 CFR Part 4.

(iv) Maintain custody and permit appropriate use of the official seal of the Department.

(v) Promulgate policy for the use of the official flags of the Secretary and the Department.

(vi) Make determinations and findings authorizing use of negotiation in accordance with 41 U.S.C. 252(c)(11) for purchases and contracts for experimental, developmental, or research work, or for the manufacture or furnishing of property for experimentation, development, research, or test which will not require the expenditure of more than \$25,000 (41 CFR 1-3.211; 1-3.303).

(vii) Coordinate collection of historical material for Presidential Libraries.

(viii) Oversee the safeguarding of unclassified materials designated "For Official Use Only."

(ix) Establish standards for and coordinate the issuance of employee identification within the Department.

(4) Provide procurement, property management, space management, communications, messenger, paperwork management, and related services (with authority to take actions required by law or regulation to perform such services) for:

(i) The Secretary of Agriculture;

(ii) The general officers of the Department;

(iii) The offices and agencies reporting to the Assistant Secretary for Administration; and

(iv) Provide such of the above services, as may be agreed, for any other officers or agencies of the Department not included in subdivisions (i), (ii), or (iii) of this subparagraph.

(5) Exercise full Department-wide contracting and procurement authority for automatic data processing and data transmission equipment, software, services, maintenance, and related supplies. This authority includes the promulgation of departmental directives regulating the management of contracting and procurement functions related to the above.

(6) Provide support services normally furnished by the Office of Operations and Finance and needed by the Department in carrying out defense responsibilities.

(7) Exercise general responsibility and authority for all matters related to the administration of the Department's accounting and finance operations including:

(i) Financial administration, including accounting and related activities.



(ii) Development, maintenance, and operation of Department-wide payroll and personnel statistics, payment, billing and collection, and accounting and related reporting systems.

(8) Formulate and promulgate departmental financial policies, procedures, and regulations.

(9) Provide staff assistance for the Secretary, general officers, and other Department and agency officials.

(10) Review financial aspects of agency operations and proposals.

(11) Represent the Department in contacts with the General Accounting Office, the Treasury Department, the Office of Management and Budget, and other organizations or agencies on matters related to assigned responsibilities.

(12) The Director, Office of Operations and Finance is designated as the Department's Director of Finance.

(13) Provide management support services for the National Finance Center, and by agreements with agency heads concerned, provide such services for other USDA tenants housed in the same facility. As used herein, such management support services shall include:

(i) Personnel services, as listed in § 2.25(e)(10), and organizational support services, with authority to take actions required by law or regulation to perform such services.

(ii) Procurement, property management, space management, communications, messenger, paperwork management, and related administrative services, with authority to take actions required by law or regulation to perform such services.

(14) Administer the Department's records, forms, reports, and directive management programs.

(15) Provide budget, accounting, and related financial management services, with authority to take action required by law or regulation to provide such services for working capital funds and general appropriated and trust funds for

(i) The Secretary of Agriculture  
(ii) The general officers of the Department

(iii) The Offices and agencies reporting to the Assistant Secretary for Administration, and

(iv) Provide such of the above services, as may be agreed, for any other officers and agencies of the Department not included in paragraph (a)(15), (i), (ii), or (iii) of this section.

(16) Manage and operate the total USDA data processing program through all stages of the data processing management cycle: Advance planning, feasibility, design, equipment selection and acquisition readiness effort, systems installation, system impact appraisal, time sharing and service center arrangements, systems monitoring, evaluation, and security.

(17) Plan, develop, install, and manage departmental data bases and assist in the maintenance of such systems to satisfy agency needs.

(18) Develop an integrated computer network for use with Department agencies and offices.

(b) *Reservations.* The following authorities are reserved to the Assistant Secretary for Administration:

(1) Make determinations and findings authorizing the use of negotiation in accordance with 41 U.S.C. 252(c)(11), (12), and (13) with respect to purchase and contracts:

(i) For experimental, developmental, or research work, or for the manufacture or furnishing of property for experimentation, development, research, or test which will require the expenditure of more than \$25,000.

(ii) For property or service when the character, ingredients, or components thereof are such that the contract should not be publicly disclosed.

(iii) For technical equipment when it is determined that the procurement thereof without advertising is necessary in special situations or in particular localities in order to assure standardization of equipment and interchangeability of parts and where such standardization and interchangeability is necessary in the public interest.

(2) Make determinations and findings authorizing the omission of the examination of records clause from contracts with foreign contractors and foreign subcontractors under the authority granted in 41 U.S.C. 304(c) (41 CFR 1-3.303; 1-6.1004).

§ 2.76 [Revoked and reserved.]

§ 2.79 [Revoked and reserved.]

(5 U.S.C. 301 and Reorganization Plan No. 2 of 1953.)

For Subpart C:

Dated: January 31, 1978.

BOB BERGLAND,  
Secretary of Agriculture.

For Subpart J:

Dated: December 31, 1977.

JOAN S. WALLACE,  
Assistant Secretary  
for Administration.

[FR Doc. 78-3955 Filed 2-10-78; 8:45 am]

# [4910-13]

## Title 14—Aeronautics and Space

### CHAPTER I—FEDERAL AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

[Docket No. 78-CE-2-AD; Amdt. 39-3139]

#### PART 39—AIRWORTHINESS DIRECTIVES

Beech 19, 23 and 24 Series Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

**SUMMARY:** This amendment adopts a new Airworthiness Directive (AD), applicable to certain Beech 19, 23 and 24 series airplanes having manually operated wing flaps. The AD requires installation of a new improved wing flap control weld assembly on affected airplanes. This action will prevent possible unwanted retraction of the wing flaps which could have an adverse effect on aircraft controllability.

**DATES:** This amendment becomes effective February 20, 1978.

**COMPLIANCE SCHEDULE—**Required within the next 50 hours time-in-service after the effective date of this AD.

**ADDRESSES:** Beechcraft Service Instructions No. 0940, applicable to this AD, may be obtained from local Beechcraft Aviation and Aero Centers or Beech Aircraft Corp., Commercial Service Department, 9709 East Central, Wichita, Kans. 67201. A copy of the Service Instructions cited above are contained in the Rules Docket, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Mo., 64106 and at Room 916, 800 Independence Avenue, Southeast, Washington, D.C. 20591.

**FOR FURTHER INFORMATION CONTACT:**

William L. Schroeder, Aerospace Engineer, Engineering and Manufacturing Branch, FAA, Central Region, 601 East 12th Street, Kansas City, Mo. 64106, telephone 816-374-3446.

**SUPPLEMENTARY INFORMATION:** There have been eight reports of Beech P/N 169-524024-37 wing flap control weld assemblies failing on Beech 19 and 23 series airplanes. Two of the failures resulted in unwanted in-flight retraction of wing flaps and one failure is suspected as being the cause of an accident. Failure of the wing flap control weld assembly can result in sudden and unexpected retraction of the wing flaps that may have an adverse effect on aircraft controllability. Subsequent to this investigation the manufacturer has determined that some P/N 169-524024-37 and -81 flap control weld assemblies may have welds with insufficient penetration which can cause the assemblies to be under strength. As a result, the manufacturer has issued Beechcraft Service Instructions No. 0940 recommending installation of a new improved P/N 169-524024-85 wing flap control weld assembly on certain Beech 19, 23 and 24 series airplanes having manually operated wing flaps. The FAA has concluded that wing flap control weld assemblies having welds with improper penetration is an unsafe condition that may exist on other airplanes of the same type



design. Accordingly, an AD is being issued applicable to certain serial numbers of the above-mentioned Beech series airplanes making installation of the new P/N 169-524024-85 wing flap control weld assembly mandatory. This AD was coordinated with the manufacturer prior to issuance. The FAA has determined that there is an immediate need for a regulation to assure safe operation of the affected airplanes. Therefore, notice and public procedure under 5 U.S.C. 553(b) is impracticable and contrary to the public interest, and good cause exists for making the amendment effective in less than thirty (30) days after the date of publication in the FEDERAL REGISTER.

#### DRAFTING INFORMATION

The principal authors of this document are: William L. Schroeder, Flight Standards Division, Central Region, and John L. Fitzgerald, Jr., Office of the Regional Counsel, Central Region.

#### ADOPTION OF THE AMENDMENT

Accordingly, pursuant to the authority delegated to me by the Administrator, section 39.13 of the Federal Aviation Regulations (14 CFR 39.13) is amended by adding the following new Airworthiness Directive:

**BEECH:** Applies to the following models and serial number airplanes, equipped with manually operated wing flaps, certificated in all categories:

#### Model and serial numbers

23, A23, A23A, B23 and C23—M-1 through M-1979.

A23-19, 19A and B19—MB-1 through MB-866.

A23-24 and A24—MA-1 through MA-368. A24R, B24R and C24R—MC-2 through MC-536.

**COMPLIANCE:** Required as indicated unless already accomplished.

To prevent failure of the wing flap control weld assembly and resulting possible unwanted in-flight retraction of the wing flaps, within the next 50 hours time-in-service after the effective date of this AD, accomplish the following in accordance with Beechcraft Service Instructions No. 0940 or later approved revisions:

(A) Remove flap control weld assembly and install Beech P/N 169-524024-85 flap control weld assembly.

(B) Any equivalent means of compliance with this AD must be approved by the Chief, Engineering and Manufacturing Branch, FAA, Central Region.

This amendment becomes effective on February 20, 1978.

(Secs. 313(a), 601 and 603 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1354(a), 1421 and 1423); Sec. 6(c) Department of Transportation Act (49 U.S.C. 1655(c)); Sec. 11.89 of the Federal Aviation Regulations (14 CFR Sec. 11.89).)

**NOTE:**—The Federal Aviation Administration has determined that this document does not contain a major proposal requiring

preparation of an Economic Impact Statement under Executive Order 11821, as amended by Executive Order 11949, and OMB Circular A-107.

Issued in Kansas City, Mo. on February 2, 1978.

JOHN E. SHAW,  
Acting Director,  
Central Region.

(FR Doc. 78-3892 Filed 2-10-78; 8:45 am)

#### [8010-01]

#### Title 17—Commodity and Securities Exchanges CHAPTER II—SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-5904, 34-14445, 35-20404,  
IC-10112; S7-736]

#### PART 231—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES ACT OF 1933 AND GENERAL RULES AND REGULATIONS THEREUNDER

#### PART 241—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND GENERAL RULES AND REGULATIONS THEREUNDER

#### PART 271—INTERPRETATIVE RELEASES RELATING TO THE INVESTMENT COMPANY ACT OF 1940 AND GENERAL RULES AND REGULATIONS THEREUNDER

#### Disclosure of Management Remuneration

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Interpretation and request for comments.

**SUMMARY:** This release supplements the Commission's interpretive release on disclosure of management remuneration, Securities Act Release No. 5856 (August 18, 1977), 42 FR 43058 (August 26, 1977), in order to provide further guidance to registrants. Some of the more frequently raised questions regarding the status as remuneration of benefits received by officers and directors are set forth together with the interpretive responses of the Commission's Division of Corporation Finance. Comments are requested on both Securities Act Release No. 5856 and the interpretive responses included in this release.

**DATE:** Comments should be submitted on or before April 15, 1978.

**ADDRESS:** Comments should refer to File S7-736 and should be submitted in triplicate to George A. Fitzsimmons, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549. All comments will be available for public inspection.

#### FOR FURTHER INFORMATION CONTACT:

Registrants with specific questions should contact the staff members directly responsible for reviewing the documents they file with the Com-

mission. General questions may be directed to Linda L. Griggs, Division of Corporation Finance, 202-755-1750 or Glen Payne, Division of Investment Management, 202-755-0230, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549.

The Commission hereby issues Securities Act Release No. (33-5904, 34-14445, 35-20404, IC-10112; S7-736), Parts 231, 241 and 271 of Title 17, Chapter II of the Code of Federal Regulations as given below.

#### DISCLOSURE OF MANAGEMENT REMUNERATION

On August 18, 1977, the Commission issued a release, Securities Act Release No. 5856 (42 FR 43058), which emphasized its view that the existing disclosure provisions require registrants to include within the aggregate remuneration reported in registration statements, annual reports and proxy and information statements all forms of remuneration received by management from the corporation, including personal benefits sometimes referred to as perquisites. Since the publication of that release, the staff has received many requests for guidance in identifying and valuing some of the personal benefits received by officers and directors and others for whom remuneration information is required.

This release is published to provide current information on the interpretations of the Commission's Division of Corporation Finance (the "Division") of the remuneration reporting requirements in view of the volume of these requests for interpretations of such provisions as they relate to specific fringe benefits. The questions included in the release represent some of those more frequently brought to the attention of the staff by registrants, their counsel, and other interested persons. The Division of Investment Management will follow the Division's interpretations to the extent they relate to disclosure by registered investment companies.

Corporations make a great variety of expenditures which relate to management, many of which result in benefits to executives. Whether these constitute remuneration usually depends upon the facts and circumstances involved in each situation. In general, expenditures which simply assist an executive in doing his job effectively or which reimburse him for expenses incurred in the performance of his functions are not remuneration while expenditures made for his personal benefit or for purposes unrelated to the business of the company would constitute remuneration. In some instances, expenditures may serve both purposes, and if neither is predominant, allocation to the extent reasonably feasible may be called for. In view



of the difficulties in applying these, and other general principles, the Commission believes that this statement of the Division's responses to specific questions should be useful to registrants.

In determining whether the value of specific benefits should be included in aggregate remuneration, registrants should keep in mind that full disclosure of the remuneration received by officers and directors is important to informed voting and investment decisions. In particular, remuneration information is necessary for an informed assessment of management and is significant in maintaining public confidence in the corporate system. Of course, accurate and sufficiently detailed books and records are prerequisites to the appropriate disclosure of remuneration information.<sup>1</sup>

Whereas the following questions and interpretive responses relate generally to the presentation of remuneration information pursuant to specific disclosure provisions, the anti-fraud provisions of the Securities Act of 1933 (15 U.S.C. 77a et seq., as amended by Pub. L. No. 94-29 (June 4, 1975)) and the Securities Exchange Act of 1934 ("Exchange Act") may require registrants to present additional information about benefits received by officers and directors.<sup>2</sup> For example, the anti-fraud provisions may require disclosure of any unauthorized receipt of benefits by officers and directors.

The analysis of the benefits received by management requires consideration of the specific reporting requirements, Securities Act Release No. 5856 and the approach illustrated by the questions and responses set forth below. The following topics are addressed by these questions:

	Questions
I. Remuneration reporting requirements	1 to 4.
II. General disclosure questions:	
A. Identification	5 to 6.
B. Valuation	7.
III. Format for disclosure	8 to 12.
IV. Types of benefits received by management:	
A. Use of company property	13 to 21.
Company cars	14 to 16.
Company planes	17 to 19.
Other corporate assets	20.
Valuation	21.
B. Memberships in clubs and professional associations	22 to 24.
C. Medical, insurance and other reimbursement plans	25 to 29.

<sup>1</sup>See the recently enacted amendments to section 13(b) of the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78a et seq., as amended by Pub. L. No. 94-29 (June 4, 1975)), title I of Pub. L. No. 95-213 (Dec. 19, 1977) and section 31 of the Investment Company Act of 1940 (15 U.S.C. 80a-30) and Rule 31a-1 thereunder (17 CFR 270.31a-1) which set forth detailed record keeping requirements for registered investment companies.

<sup>2</sup>See Securities Act §§ 12(2), and 17(a); Exchange Act § 10(b) and Rules 10b-5 and 14a-9.

	Questions
Medical and insurance practices	25 to 27.
Liability insurance and indemnification	28 to 29.
D. Payments for living and related expenses	30 to 35.
Living expenses	30 to 31.
Repairs and improvements to home or property	32.
Security devices	33.
Low interest or interest free loans	34 to 35.
E. Use of the corporate staff	36 to 37.
F. Benefits from third parties	38 to 42.
Bank loans	38 to 39.
Professional and other services	40 to 42.
G. Company products	43.
H. Business expenses	44 to 47.

## I. REMUNERATION REPORTING REQUIREMENTS

1. Question. For which persons must registrants report remuneration information?

*Interpretive Response.* The remuneration reporting provisions require registrants to report in various registration statements, annual reports, and proxy and information statements the amount of remuneration paid or to be paid by the registrant and its subsidiaries to the following persons:

(a) Each of the registrant's directors and each of its three highest paid officers (and other persons specified in the investment company reporting provisions) whose aggregate direct remuneration exceeded a certain amount specified in the disclosure form or rule; and

(b) All officers and directors (and certain persons specified in the investment company reporting provisions) as a group.<sup>3</sup>

2. Question. What is the term "remuneration" intended to include?

*Interpretive Response.* The term "remuneration" is intended to include both cash and non-cash forms of remuneration received by management, including the value of personal benefits.

3. Question. How should the remuneration information be presented?

*Interpretive Response.* Generally, the reporting provisions require separate disclosure of the following types of remuneration received by officers and directors or benefits which result in remuneration to such persons:

(a) Aggregate direct remuneration paid by the registrant and its subsidiaries during the registrant's last fiscal year;

(b) Annuity, pension or retirement benefits proposed to be paid by the registrant or any of its subsidiaries under any existing plan in the event of retirement at normal retirement date;

(c) Other remuneration payments proposed to be made in the future by

<sup>3</sup>See Securities Act Release No. 5856, footnotes 7-13. Hereinafter the persons as to which remuneration disclosure is required will be referred to as officers, directors, management or executives although remuneration information is required also for certain other persons by the investment company forms.

the registrant or any of its subsidiaries pursuant to any existing plan or arrangement;

(d) Options granted to certain officers and directors; and

(e) Benefits received by certain persons as a result of transactions to which the registrant is a party.<sup>4</sup>

4. Question. What forms of remuneration is the term "direct remuneration" intended to encompass?

*Interpretive Response.* The term "direct remuneration" is intended to include all forms of remuneration, including personal benefits, except annuity, pension or retirement benefits, payments proposed to be made in the future, options and the interest of management in certain corporate transactions because these forms of remuneration are required to be reported under separate disclosure provisions.

## II. GENERAL DISCLOSURE QUESTIONS—IDENTIFICATION AND VALUATION

### A. IDENTIFICATION

5. Question. What indirect benefits received by officers and directors should be considered by registrants in aggregating the forms of remuneration?

*Interpretive Response.* Registrants should analyze both those benefits conferred directly to officers and directors and those that may benefit such persons indirectly because they are provided to relatives and friends who do not perform services for the corporation or to any other persons upon the request of or on behalf of the officer or director.

6. Question. Do all benefits received by executives result in forms of remuneration which should be included in aggregate remuneration?

*Interpretive Response.* No. The value of those benefits received by management which are directly related to the performance of their job is not required to be included in aggregate remuneration.

### B. VALUATION

7. Question. Once a registrant identifies a benefit as a form of remuneration, how should it be valued?

*Interpretive Response.* Registrants should value benefits on the basis of valuation methods which they believe are most reasonable. Alternative valuation methods include the following: (a) Cost to the company unless the cost to the company is disproportionate to the alternative cost of the benefit to the recipient, that is the amount the recipient would have had to pay to obtain the benefit himself; (b) apprais-

<sup>4</sup>The indebtedness to the registrant of officers, directors and certain other persons is required to be disclosed by another reporting provision.



als (for property given to or used by an executive); (c) the alternative cost of the benefit to the recipient, that is the amount the recipient would have had to pay to obtain the benefit himself; (d) the valuation assigned by the registrant or executive for tax purposes; or (e) some other standard for valuing which is reasonable in the opinion of management.

### III. FORMAT FOR DISCLOSURE

8. *Question.* Should the personal benefits received by officers and directors be described separately in documents which require disclosure of the remuneration received by management?

*Interpretive Response.* Personal benefits are not required to be described when their value is included in the aggregate remuneration reported, unless disclosure about the benefit is otherwise required by another reporting provision. For example, if an officer or a director receives an interest free loan from a corporation, the value of the benefit should be included in the reported aggregate remuneration received by the individual and the loan itself should be described pursuant to the provisions of the reporting requirements relating to indebtedness to the company of various persons.\* The more general anti-fraud provisions, of course, may require additional information to be disclosed about personal benefits received or to be received by management.

9. *Question.* May a registrant describe a benefit in addition to including its value in the aggregate remuneration reported?

*Interpretive Response.* Yes.

10. *Question.* May a registrant exclude the value of some or all of the benefits from the reported aggregate remuneration and state an approximate or maximum value of such benefits in a footnote to the remuneration table?

*Interpretive Response.* Yes, provided this disclosure is not misleading.

11. *Question.* May a registrant describe the personal benefits in a footnote to the remuneration table rather than including the values of such benefits in the tabular presentation of reported aggregate remuneration?

*Interpretive Response.* A registrant may describe a benefit which is a form of remuneration and exclude its value from reported remuneration whenever the dollar value of the benefit is not reasonably ascertainable or when a description of the benefit results in disclosure which is more meaningful to investors than the inclusion of an amount in aggregate remuneration,

provided it is clear that the value of the benefit has not been included in the aggregate remuneration reported in the table and the disclosure is not misleading.

12. *Question.* What information should be included in a footnote which describe a benefit?

*Interpretive Response.* The footnote should include a description of the benefit and, to the extent possible, information about its value and the basis for valuation. In addition, the footnote should state any other information as is reasonably necessary to apprise investors fully of what management is receiving.

### IV. TYPES OF BENEFITS RECEIVED BY MANAGEMENT

#### A. USE OF COMPANY PROPERTY

13. *Question.* Is the use by management of company property such as cars, planes, apartments, houses, and other corporate assets a form of remuneration?

*Interpretive Response.* The use of corporate assets by officers or directors for reasons unrelated to the conduct of company business results in a form of remuneration to the executive. Where the assets are used in connection with job related matters, however, this usage would not result in remuneration to the executive. Where an executive uses an asset for both personal and business purposes, a value should be allocated to the personal use for remuneration reporting purposes.

#### COMPANY CARS

14. *Question.* Is the use of a company owned car a form of remuneration?

*Interpretive Response.* The personal use of a company car is a form of remuneration to such executive.

15. *Question.* How should the personal use of a company's automobile be valued?

*Interpretive Response.* The Division would express no objection if the value of this benefit were a percentage of the cost to the company of leasing or owning the car based upon the amount of time an executive used the car for personal purposes or the number of miles the car was used for personal purposes.

16. *Question.* Is the use by management of a chauffeur-driven limousine a form of remuneration?

*Interpretive Response.* It depends upon the reason why the limousine is used. The use by an executive of a chauffeur-driven car in connection with job related matters does not result in a form of remuneration to the executive. If the executive uses the chauffeur-driven car time for personal reasons, however, this use of the car is a form of remuneration.

#### COMPANY PLANE

17. *Question.* Is the use of a company plan for commuting purposes a form of remuneration?

*Interpretive Response.* Yes.

18. *Question.* If the company plane is flown someplace for a business reason and an executive who does not have company business to transact at such place hitches a ride or tags along on the plane, does the executive receive a form of remuneration?

*Interpretive Response.* Yes.

19. *Question.* Should this benefit be valued for remuneration reporting purposes?

*Interpretive Response.* Although the corporation may have incurred little cost as a result of providing air transportation to the extra person(s), the value of this personal benefit should be included in aggregate remuneration or otherwise reported.

#### OTHER CORPORATE ASSETS

20. *Question.* Would the use of company owned or leased apartments, houses, villas, lodges, etc. result in a form of reportable remuneration to management?

*Interpretive Response.* Whether or not the use by management of company owned or leased assets such as apartments, houses, villas, lodges, yachts and other facilities results in a form of remuneration to the executive depends upon the nature of the use of the assets. If the executive uses the facilities in connection with entertaining business clients, transacting business or engaging in internal business related activities, he would not be receiving remuneration as a result of such usage. If, however, the facilities are used for recreation or other personal purposes and no business is transacted, the usage by management would result in a form of remuneration to the executive. Where some of the usage is for business and some for personal purposes, only the personal usage would result in a form of remuneration.

#### VALUATION

21. *Question.* How should the personal use of company assets such as planes, apartments, houses, lodges, etc. be valued for remuneration reporting purposes?

*Interpretive Response.* The Division would express no objection if the personal use of company assets were valued using one of the following methods:

(a) Determining the recipient's cost if he had obtained the use of equivalent assets independently of the corporation; or

(b) Allocating a portion of the cost to the corporation of owning and maintaining the facility during a particular year on the basis of the time

\*Item 7(e), Schedule 14A, 17 CFR 240.14a-101; Item 9(b), Form 10, 17 CFR 249.210; Items 18(b), Form 10-K, 17 CFR 249.310. See also Question 34.



the asset was used for personal purposes or the mileage of such usage unless this amount is disproportionate to the amount which the recipient would have paid if he had obtained the use of equivalent assets himself.

**B. MEMBERSHIPS IN CLUBS AND PROFESSIONAL ASSOCIATIONS**

22. *Question.* Is the use of clubs of which the corporation is a member or in which an executive's membership is paid for by the company a form of remuneration?

*Interpretive Response.* If the clubs are used solely for business related matters, the usage does not result in remuneration to the executive. If, however, the club is used for personal activities, this usage results in a form of remuneration.

23. *Question.* How should this usage be valued?

*Interpretive Response.* The Division would raise no objection if the value of the personal use of clubs of which the corporation is a member or in which an executive's membership is paid for by the company were the sum of:

(1) A portion of the annual dues allocated on the basis of percentage of personal use;

(2) All personal expenses incurred by the executive but paid for by the company;

(3) A portion of the initiation fee in the year in which paid based upon the amount of personal usage.

24. *Question.* Is the payment of professional organization fees for officers and directors a form of remuneration to them?

*Interpretive Response.* The payment of fees of professional organizations is not a form of remuneration to the officers or directors if membership in the organization is necessary to such person's performance of his duties for the company.

**C. MEDICAL, INSURANCE AND OTHER REIMBURSEMENT PLANS**

**MEDICAL AND INSURANCE PRACTICES**

25. *Question.* Is the payment by a corporation of expenses incurred in connection with physical examinations given executives a form of remuneration to them?

*Interpretive Response.* Payments for physical examinations for executives generally do not result in a form of remuneration to the executives. If the physical examination is given at a resort, however, and in part results in a paid vacation for the executive and/or his spouse and if the cost of the physical examination vacation is disproportionate to the cost of a physical examination at a clinic in a non-resort area, then a portion of the cost to the company for the physical examination would be a form of remuneration.

26. *Question.* How should the amount of this remuneration be determined?

*Interpretive Response.* The Division would express no objection if the amount of remuneration were:

(a) That portion of the cost to the company of the physical examination resort stay represented by the non-medical expenses; or

(b) The difference between the cost of a physical examination at a clinic in a non-resort area and the cost of the physical at the resort.

27. *Question.* Are payments made for or benefits to be received by management under life or accident insurance, hospitalization, medical expense reimbursement or other similar plans forms of remuneration?

*Interpretive Response.* Benefits paid under and payments and premiums made for group life or accident insurance, group hospitalization or similar group payments or benefits need not be included in reported remuneration nor are corporations required to describe such plans or arrangements. These plans or arrangements are considered to be group plans if they provide benefits to all or substantially all of the employees who satisfy certain minimum eligibility criteria or to such employees as qualify under a classification set up by the employer which does not discriminate in favor of employees who are officers, shareholders or highly compensated. For example, if a plan does not cover union members, this fact alone would not be determinative of non-group status of the plan. Premiums and any other amounts paid by a corporation for such plans or arrangements which are not group plans should be included in aggregate remuneration and the plans or arrangements should be described.

**LIABILITY INSURANCE AND INDEMNIFICATION**

28. *Question.* Are premiums paid by corporations for liability insurance for officers and directors forms of remuneration received by the executives?

*Interpretive Response.* Premiums paid for liability insurance for officers and directors and benefits paid under such insurance plans are not forms of remuneration to the extent that the insurance plan is intended to relieve officers and directors of liability relating to their job performance.

29. *Question.* Are indemnification payments forms of remuneration?

*Interpretive Response.* Indemnification payments are not forms of remuneration to the recipient executive if the company treats the payments as ordinary and necessary to the conduct of company business. The anti-fraud provisions, however, may require separate disclosure about indemnification payments, particularly those payments relating to securities violations because the Commission believes that such payments are against public policy.

**D. PAYMENTS FOR LIVING AND RELATED EXPENSES**

**LIVING EXPENSES**

30. *Question.* Is the payment by a corporation of housing or other ordinary living expenses at principal, temporary, vacation or other residences owned or used by an officer or director a form of remuneration?

*Interpretive Response.* Yes, provided the expenses were not incurred by an executive in connection with a business matter nor for the convenience of the corporation.

31. *Question.* Is the occasional use of a company maintained apartment, house or other dwelling a form of remuneration to him?

*Interpretive Response.* No, provided the dwelling is used by an officer or director for the purpose of facilitating his conduct of company business.

**REPAIRS AND IMPROVEMENTS TO HOME OF PROPERTY**

32. *Question.* Are payments for maintenance, repairs or improvements to an executive's home forms of remuneration to him?

*Interpretive Response.* Yes, generally.

**SECURITY DEVICES**

33. *Question.* Are the installation of security devices in an executive's home and/or car and the providing of bodyguards, chauffeur-driven limousines, and/or any other appropriate security measures forms of remuneration to officers and directors?

*Interpretive Response.* The taking of various security measures for the protection of executives may not result in any remuneration to such executive if the individual's life has been threatened because of his position in the company or if the company reasonably believes that the individual's safety is in jeopardy. If the security measures are provided solely for the convenience or comfort of the executive, however, they result in remuneration to the recipient.

**LOW INTEREST OR INTEREST FREE LOANS**

34. *Question.* Is the providing of loans to executives a form of remuneration to them?

*Interpretive Response.* Officers or directors receive remuneration as a result of their receipt of a loan from the corporation if the terms of the loan, including the security required and the interest rate charged, are not commercially reasonable as compared with the terms of a loan which the executive might have obtained from a lending institution.\* In addition, if the

\*Disclosure of the indebtedness of officers, directors and certain other persons to a company is required by a separate reporting provision if the individual's aggregate in-

Footnote continued on next page.



loan is commercially reasonable under this analysis but its grant is not a reasonable use of corporate funds because the corporation must pay a higher rate of interest on its own borrowings, the loan would result in remuneration to the officer or director. Low interest or interest free loans provided to executives by their employer result in remuneration to them regardless of whether the loan itself must be reported under the separate reporting provisions relating to the indebtedness of officers and directors to a company.

35. *Question.* How should the value of this remuneration be determined?

*Interpretive Response.* The Division would express no objection if the value of the remuneration received by an executive as a result of the favorable loan was based upon:

(a) The difference between the amount of interest to be paid and the amount of interest which the executive would have paid if the loan had been granted by an unaffiliated person; or

(b) The difference between the amount of interest the executive will pay and the amount which he would have paid if the interest rate were equivalent to the rate of interest the corporation pays on its borrowings, if the loan is on terms more favorable than the corporation could have obtained.

#### E. USE OF THE CORPORATE STAFF

36. *Question.* If employees on the corporation's professional staff provide financial, accounting, legal or other professional services to an officer or director, does this result in remuneration to the individual?

*Interpretive Response.* If the services are rendered with respect to a purely personal matter, such as the preparation of a will or United States tax return, this usage of the corporate staff would result in a form of remuneration to the officer or director. Where the matter relates to company business, the individual's compensation package or the individual's legal responsibilities as a result of his position in the company, the providing of the service may not result in remuneration to the officer or director.

37. *Question.* How should the use of the corporation's staff be valued for remuneration reporting purposes?

*Interpretive Response.* The Division would express no objection if the use of the corporate staff by an officer or

director for personal business were valued in one of the following ways:

(a) The amount the officer or director would have had to pay if he had hired unrelated persons to do the work for him; or

(b) The full cost to the company of the employees for the period of time they worked for the officer or director.

#### F. BENEFITS FROM THIRD PARTIES<sup>7</sup>

##### BANK LOANS

38. *Question.* Does the receipt by an officer or director of a loan from the corporation's bank result in a form of remuneration to such person?

*Interpretive Response.* The receipt of a loan from the corporation's bank may result in remuneration to the officer or director depending upon the facts and circumstances. Where the corporation compensates the bank either directly or indirectly for extending the loan to the executive, the officer or director receives remuneration to the extent of the benefit derived from such compensation.

39. *Question.* When does a corporation directly or indirectly compensate a bank for granting a favorable loan to an officer or director?

*Interpretive Response.* A company may compensate a bank directly or indirectly for granting a favorable loan to an officer or director in various different ways including but not limited to:

(a) Maintaining or increasing accounts or compensating balances at the bank as a result of the loan;

(b) Undertaking in writing or orally to increase its requests for loans from the bank as a result of the loan; and

(c) Paying a higher rate of interest on its loans as a result of the loan of the officer or director.

##### PROFESSIONAL AND OTHER SERVICES

40. *Question.* If a company's outside auditors, counsel or other professional consultants perform financial, accounting, legal or other professional services for an officer or director which are paid for by the company, does this result in remuneration to the executive from the company?

*Interpretive Response.* Whether or not the receipt by an officer or director of professional services rendered by a company's outside consultants results in remuneration to the executive depends upon the reason the services are rendered and its cost to the company. If the services are rendered in connection with a matter which is purely personal to the executive, the receipt of the services would result in remuneration to the officer or director

depending upon whether the company compensates the professional directly or indirectly for conferring the service.

41. *Question.* If an officer or director does personal business with a customer or client of the company, does this relationship result in any remuneration to the officer or director from the company?

*Interpretive Response.* A business relationship between an officer or director and a customer or client of his company does not result in any remuneration from the company to the officer or director unless the company compensates the customer directly or indirectly for performing a service for the executive.

42. *Question.* When does a company compensate a client or an outside professional for providing personal services to an officer or director?

*Interpretive Response.* A company may compensate its client or an outside professional directly or indirectly for providing its executive with a service in various ways including:

(a) Paying or agreeing to pay a higher than market rate for its purchases or services obtained from the client or professional as a result of the executive's relationship with the client; and

(b) Increasing or undertaking to increase its business dealings with the client as a result of the executive's relationship with the client.

#### G. COMPANY PRODUCTS

43. *Question.* Should the purchase by an officer or director of the corporation's products at a discount be valued for the purposes of reporting remuneration received by an executive?

*Interpretive Response.* The purchase by officers or directors of the corporation's products at a discount need not be valued for the purposes of reporting remuneration received by an executive provided:

(a) All or substantially all of the corporation's employees may make purchases at the same discount or at a discount based upon eligibility criteria which precludes individual selection; and

(b) The price of the product as a result of the discount is not less than the cost to the corporation of producing it.

#### H. BUSINESS EXPENSES

44. *Question.* Do itemized expense accounts result in remuneration to executives?

*Interpretive Response.* The availability of an itemized expense account to an officer or director generally does not result in a form of remuneration to the executive provided the account is used for business related expenses.

Footnote continued from preceding page.

indebtedness exceeded the lesser of \$10,000 or 1 percent of the issuer's total assets. See, e.g., Item 7(e), Schedule 14A, 17 CFR 240.14a-101. If the loan results in remuneration to the executive because of its terms, the remuneration to the executive as a result of the loan should be included in aggregate remuneration and the loan should be described pursuant to the other provision.

<sup>7</sup>Disclosure of benefits received from third parties may be required pursuant to the reporting provision regarding transactions with management. See, e.g., Item 7(f), Schedule 14A, 17 CFR 240.14a-101.



45. *Question.* Does an unitemized expense account result in remuneration to an executive?

*Interpretive Response.* The total amount of an unitemized expense account would be a form of remuneration to an executive except to the extent specific amounts spent by an executive using such an expense account can be identified as relating to valid business related expenses.

46. *Question.* If an itemized expense account includes a miscellaneous item, would this result in remuneration to an officer or director?

*Interpretive Response.* If the miscellaneous item is comparable to an unitemized expense account, it should be treated in the same way as an unitemized expense account.

47. *Question.* If officers and directors receive first class travel arrangements which are related to job performance, should this result in a form of remuneration?

*Interpretive Response.* No.

#### REQUESTS FOR COMMENTS

Interested persons are invited to comment on both the Commission's interpretation expressed in Securities Act Release No. 5856 and the interpretive responses of its Division of Corporation Finance included in this release. Comments should make reference to File S7-736. These comments will be considered by the staff both for use in connection with its on-going efforts to review the quality and usefulness of information required to be disclosed in documents filed with the Commission\* and in considering possible amendments to the disclosure rules relating to management remuneration.

By the Commission.

GEORGE A. FITZSIMMONS,  
Secretary.

FEBRUARY 6, 1978.

\* Comments relating to the disclosure of management remuneration have previously been requested in Securities Act Release No. 5758 (November 2, 1976) (41 FR 49495) and Securities Exchange Act Release Nos. 13482 (April 28, 1977) (42 FR 23901) and 13901 (August 29, 1977) (42 FR 44860). All comments received in connection with these requests are available for public inspection at the Commission's Public Reference Room, 1100 L Street NW., Washington, D.C. 20549. The comments are available for inspection in Files S7-658 and S7-693 respectively.

[FR Doc. 78-3930 Filed 2-10-78; 8:45 am]

#### [4810-22]

##### Title 19—Customs Duties

#### CHAPTER I—UNITED STATES CUSTOMS SERVICE

[T.D. 78-53]

#### PART 141—ENTRY OF MERCHANDISE

##### Documents and Information Required To Be Filed at the Time of Importation of Certain Articles of Steel, Amended

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: This document amends the Customs Regulations to require that a special invoice be presented to Customs for each shipment of certain articles of steel having an aggregate purchase price over \$2,500. The additional information provided on the special invoice will be used in the administration and enforcement of the Antidumping Act, 1921, as amended.

EFFECTIVE DATE: February 21, 1978.

FOR FURTHER INFORMATION CONTACT:

With respect to the trigger price mechanism (described under "Supplementary Information," below), Peter D. Ehrenhaft, Deputy Assistant Secretary and Special Counsel (Tariff Affairs), Department of the Treasury, Washington, D.C. 20220, 202-566-2806. With respect to other aspects of the amendments, Ben L. Irvin, Duty Assessment Division, U.S. Customs Service, 1301 Constitution Avenue NW., Washington, D.C. 20229, 202-566-8121.

#### SUPPLEMENTARY INFORMATION:

##### BACKGROUND

On December 30, 1977, notice was published in the FEDERAL REGISTER (42 FR 65214) of a proposal to amend the Customs Regulations to require that a special invoice be presented to Customs for each shipment of certain articles of steel having an aggregate purchase price over \$2,500. As explained in the supplementary information to that notice, the additional information provided by the special invoice would be used in the administration and enforcement of the Antidumping Act, 1921, as amended.

In addition, the notice announced that the Secretary of the Treasury would implement a "trigger price mechanism" (TPM) as recommended to and approved by the President and that "trigger prices" for certain steel mill products would be established as the basis upon which imports of such products would be monitored for the purpose of determining whether investigations under the Antidumping Act,

1921, as amended, would be appropriate.

Written comments were invited from all interested persons on the proposed amendments to be received on or before January 27, 1978. Many comments were received in response to that notice. As explained below, the comments have resulted in minor changes in the proposed amendments.

With respect to the trigger price mechanism, the Department of the Treasury announced the base prices to be used for certain importations of steel mill products in a notice published in the FEDERAL REGISTER on January 9, 1978 (43 FR 1464).

Subsequently, in a notice published in the FEDERAL REGISTER on February 3, 1978 (43 FR 4703), the Department announced "extras" to be used in the trigger price mechanism for 16 of the 17 steel mill products for which base prices were published in the FEDERAL REGISTER of January 9, 1978.

#### DISCUSSION OF MAJOR COMMENTS

SOME IMPORTERS WILL BE REQUIRED TO FILE BOTH THE NEW SPECIAL SUMMARY STEEL INVOICE (SSSI) AND THE SPECIAL CUSTOMS INVOICE (CF 5515)

Under amended section 141.83, importers of those steel products specified in section 141.83(b)(2) will be required to file both the SSSI and the Special Customs Invoice (SCI), unless the filing of the SCI is waived by the district director of Customs. Several commenters stated that, when applicable, only the SSSI should be required. One commenter suggested that all the data necessary to the TPM should be included in the SCI without the adoption of a new form.

The reason for retaining the optional requirement of an SCI is that certain information in the SCI is applicable only to a limited number of importations and it is impracticable to incorporate these items into the SSSI because of space limitation on the new form. Therefore, there will be a continuing need for both the SCI and the SSSI in a limited number of cases. District directors will be instructed to require both forms only when necessary. Because of the specialized nature of the information required for purposes of the TPM, the adoption of the new form is essential. Further, importers could not furnish this information readily on the SCI because that form has no space for providing it.

THE IMPORTER WILL BE REQUIRED TO PRESENT THE SSSI AT THE TIME ENTRY IS MADE

Several comments were directed to the requirement that the SSSI must be available in proper form at the time entry is made. It was suggested that this requirement would interfere with the immediate delivery system which