Service Instructions Number 1087 which recommends inspection and, if necessary, replacement of the stop bolt nuts for the aileron and rudder bell cranks. The manufacturer recommends accomplishment within 25 hours time-in-service after the service instructions are received.

Accordingly, since the condition described herein is likely to exist or develop on other airplanes of the same type design, the FAA is issuing an AD applicable to certain Beech Model 76 airplanes making inspection and, if necessary, replacement of the stop bolt nuts for the aileron and rudder bell cranks, in accordance with Beechcraft Service Instructions 1087, mandatory. The AD compliance time has been set at twenty-five (25) hours in order to allow sufficient time for maintenance personnel to obtain the MS21044N4 or MS20365-428A self-locking nuts that are required for the aileron and rudder bell crank stop bolts. This extended compliance time will reduce the hardship on owners/operators without unduly compromising safety.

Since a situation exists that requires the expeditious adoption of this regulation, it is found that notice and public procedure hereon are impracticable, and good cause exists for making this amendment effective in less than 30 days.

Adoption of the Amendment

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator, § 39.13 of Part 39 of the Federal Aviation Regulations (14 CFR 39.13) is amended by adding the following new Airworthiness Directive:

Beech: Applies to Model 76 (Serial Numbers ME-1 through ME-164, ME-166, ME-168 through ME-181, ME-184 through ME-193, ME-195 and ME-198) airplanes certified in all categories.

Compliance: Required as indicated unless already accomplished.

To prevent possible restriction in aileron and rudder travel, within twenty-five (25) hours time-in-service after the effective date of this AD accomplish the following:

(A) On Serial Numbers ME-1 through ME-149, ME-151 through ME-164, Me-166, ME-168 through ME-181, ME-184 through ME-190, ME-192, and ME-193 visually inspect and, if necessary, replace the stop bolt nuts for the aileron bell cranks with self-locking nuts in accordance with procedures set forth in Beechcraft Service Instructions Number 1087.

(B) On Serial Numbers ME-1 through ME-164, ME-166, ME-168 through ME-181, ME-184 through ME-193, ME-195 and ME-198 visually inspect and, if necessary, replace the stop bolt nuts for the rudder bell crank with self-locking nuts in accordance with procedures set forth in Beechcraft Service Instructions Number 1087.

(C) Aircraft may be flown in accordance with Federal Aviation Regulation 21.197 to a location where this AD can be accomplished.

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

This Amendment becomes effective November 23, 1979.

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

Note.—The FAA has determined that this document involves a regulation which is not significant under Executive Order 12044, as implemented by Department of Transportation Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). A copy of the final evaluation prepared for this document is contained in the docket. A copy of it may be obtained by writing to FAA, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

Issued in Kansas City, Missouri on November 6, 1979.

Paul J. Baker,

Director, Central Region.

[FR Doc. 79-35181 Filed 11-14-79; 8:45 am]

BILLING CODE 4910-13-M

---

14 CFR Part 71

[Airspace Docket No. 79-ASW-30]

Alteration of Transition Area: Oklahoma City, Okla.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The nature of the action being taken is to alter transition area at Oklahoma City, Okla. The intended effect of the action is to provide additional controlled airspace for aircraft executing a new instrument approach procedure to the Clarence E. Page Municipal Airport. The circumstance which created the need for the action is the development of an Area Navigation (RNAV) approach to the Clarence E. Page Municipal Airport. In addition, this action changes the name of the airport from Cimarron Airport to Clarence E. Page as described in the Federal Register.

EFFECTIVE DATE: January 24, 1980.

FOR FURTHER INFORMATION CONTACT: Manuel R. Hugonnett, Airspace and Procedures Branch (ASW-536), Air Traffic Division, Southwest Region, Federal Aviation Administration, P.O. Box 1689, Fort Worth, Texas 76101; Telephone 817-624-4911, extension 302.

SUPPLEMENTARY INFORMATION:

History

On September 13, 1979, a notice of proposed rule making was published in the **Federal Register** (44 FR 53177) stating that the Federal Aviation Administration proposed to alter the Oklahoma City, Okla., transition area. Interested persons were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the Federal Aviation Administration. Comments were received without objections. Except for editorial changes this amendment is that proposed in the notice.

The Rule

This amendment to Subpart G of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) alters the Oklahoma City, Okla., transition area. This action provides controlled airspace from 700 feet above the ground for the protection of aircraft executing established and the proposed RNAV instrument approach procedures to the Clarence E. Page Municipal Airport.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, Subpart G § 71.181, of Part 71 of the Federal Aviation Regulations (14 CFR 71) as republished (44 FR 442) is amended, effective 0901 GMT, January 24, 1980, by deleting:

* * * and within a 5-mile radius of the Cimarron, Okla., Municipal Airport (latitude 35°29'15"N., longitude 97°49'00"W.),

and by substituting the following therefor:

* * * and within a 6.5-mile radius of the Clarence E. Page Municipal Airport (latitude 35°29'15"N., longitude 97°49'00"W.).

(Sec. 307(a), Federal Aviation Act of 1958 (49 U.S.C. 1348(a)); and sec. 6(c), Department of Transportation Act (49 U.S.C. 1655 (c)))

Note.—The FAA has determined that this document involves a regulation which is not significant under Executive Order 12044, as implemented by DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). Since this regulatory action involves an established body of technical requirements for which frequent and routine amendments are necessary to keep them operationally current and promote safe flight operations, the anticipated impact is so minimal that this action does not warrant preparation of a regulatory evaluation.

Issued in Fort Worth, Tex., on November 1, 1979.

C. R. Melugin, Jr.,

Director, Southwest Region.

[FR Doc. 79-35009 Filed 11-14-79; 8:45 am]

BILLING CODE 4910-13-M

FEDERAL TRADE COMMISSION

16 CFR Part 13

[Docket No. C-2994]

Forbes Health System Medical Staff; Prohibited Trade Practices, and Affirmative Corrective Actions

AGENCY: Federal Trade Commission.

ACTION: Final order.

SUMMARY: In settlement of alleged violations of federal law prohibiting unfair acts and practices and unfair methods of competition, this consent order requires a Pittsburgh, Pa. medical association (Medical Staff), among other things, to cease engaging in actions having the purpose or effect of excluding from appointment to Medical Staff applicants who are associated with a Health Maintenance Organization (HMO), or who practice on an other than fee-for-service basis. The association is further prohibited from unreasonably delaying final recommendations on staff privilege applications; and from according discriminatory treatment to HMO-associated members, which may prevent them from providing effective patient care at Forbes. Additionally, Medical Staff is required to change its Bylaws to conform with the terms of the order.

DATES: Complaint and order issued October 15, 1979.[1]

FOR FURTHER INFORMATION CONTACT: FTC/C, Alfred F. Dougherty, Jr., Washington, D.C. 20580 (202) 523-3601.

SUPPLEMENTARY INFORMATION: On Friday, June 29, 1979, there was published in the **Federal Register,** 44 FR 37957, a proposed consent agreement with analysis In the Matter of Forbes Health System Medical Staff, an association, for the purpose of soliciting public comment. Interested parties were given sixty (60) days in which to submit comments, suggestions or objections regarding the proposed form of order.

A comment was filed and considered by the Commission. The Commission has ordered the issuance of the complaint in the form contemplated by the agreement, made its jurisdictional findings and entered its order to cease and desist, as set forth in the proposed consent agreement, in disposition of this proceeding.

The prohibited trade practices and/or corrective actions, as codified under 16 CFR Part 13, are as follows: Subpart—Combining or Conspiring: § 13.405 To discriminate unfairly or restrictively in general; § 13.450 To limit distribution or dealing to regular, established or acceptable channels or classes; § 13.475 To restrain competition in buying. Subpart—Corrective Actions and/or Requirements: § 13.533 Corrective actions and/or requirements; § 13.533-60 Release of general, specific, or contractual constrictions, requirements, or restraints.

(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))

Carol M. Thomas,

Secretary.

[1] Copies of the Complaint and the Decision and Order filed with the original document.

[FR Doc. 79-35235 Filed 11-14-79; 8:45 am]

BILLING CODE 6750-01-M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 140

Designation of Senior Official To Oversee Commission Use of National Security Information

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rule.

SUMMARY: The Commission has designated the Executive Director to oversee the safety of classified information received by the Commission, to chair an agency committee with the authority to act on all suggestions and complaints with respect to the Commission's administration of its information security program, and to ensure that practices for safeguarding information are systematically reviewed and that those practices which are duplicative or are unnecessary are eliminated.

EFFECTIVE DATE: December 17, 1979.

NAME AND ADDRESS: Commodity Futures Trading Commission, 2033 K Street, NW., Washington, D.C. 20581.

FOR FURTHER INFORMATION CONTACT: Budd Hallberg, Office of Personnel, Commodity Futures Trading Commission, 2033 K Street, NW., Washington, D.C. 20581, (202) 254-2375.

SUPPLEMENTARY INFORMATION: The Commodity Futures Trading Commission receives, from time to time, information which is classified Top Secret, Secret or Confidential from another agency. Because the Commission handles such information, the Commission has determined to designate the Executive Director to chair a Commission committee with authority to act on all suggestions and complaints with respect to the Commission's administration of its program designed to guarantee the security of this information. In addition, the Executive Director will actively oversee and review the Commission's practices to ensure the safety of classified information which the Commission receives. The Executive Director will also direct a systematic review of the Commission's practices which are duplicative or unnecessary. The Commission is taking this action in accordance with the policies set forth in Executive Order 12065, Sections 5-404 (a), (b), and (g), 43 FR 28960 (July 3, 1978).

The Commission has established controls and procedures to ensure that classified information is used, processed, stored, produced and transmitted only under conditions that will provide adequate protection and prevent access by unauthorized persons. A member of the staff of the Office of Personnel has been designated Personnel Security Officer. The Personnel Security Officer is responsible for designating and granting clearances to Commission personnel, ensuring custody of classified material and developing access procedure to such material on a need-to-know basis.

The Commission has no original classification authority, nor does it have the authority to declassify or downgrade classified information. However, members of the Commission and its staff who utilize classified information in other documents and who therefore apply derivative classification markings will respect the original classifications assigned to information received from other agencies. Any national security information which the Commission receives from an agency will be cared for and returned in accordance with that particular agency's policy guidelines.

The Commission's Office of Personnel maintains copies of the Executive Order 12065 and reference ISOO Directive No. 1 [1] which contain further information on national security matters.

Because this rule deals with internal agency practice, the Commission is satisfied that the notice and comment provisions of the Administrative Procedures Act, 5 U.S.C. 553(d) do not apply to this rule.

This notice of rulemaking is issued under the authority of Section 2(a)(11)

[1] The Information Security Oversight Office ("ISOO") of the General Services Administration has been designated by the President to conduct on-sight reviews of information security programs in each agency which handles classified information. The Office may also require each agency to provide reports, information and other cooperation as is necessary to fulfill the ISOO Director's responsibilities.

and 8(a) of the Commodity Exchange Act, 7 U.S.C. 4a(j) and 12(a) (1976).

Based upon the foregoing, the Commission adds Rule 140.20 to Part 140 of Chapter I of Title 17 of the Code of Federal Regulations as follows:

§ 142.20 Designation of senior official to oversee Commission use of national security information.

(a) The Executive Director is hereby designated to oversee the Commission's program to ensure the safeguarding of national security information received by the Commission from other agencies, to chair a Commission committee composed of members of the staff selected by him with authority to act on all suggestions and complaints with respect to the Commission administration of its information security program, and, in conjunction with the Personnel Security Officer of the Commission, to ensure that practices for safeguarding national security information are systematically reviewed and that those practices which are duplicative or unnecessary are eliminated.

(b) The Executive Director may submit any matter for which he has been designated under paragraph (a) of this section to the Commission for its consideration.

Authority: Secs. (2)(a) and 8(a), 42 Stat. 1001, as amended, 49 Stat. 1498, 1499; 88 Stat. 1391; 7 U.S.C. 4a and 12(a).

Issued in Washington, D.C. on November 8, 1979.

By the Commission.

Jane Stuckey,

Secretary, Commodity Futures Trading Commission.

[FR Doc. 79-35187 Filed 11-14-79; 8:45 am]

BILLING CODE 6351-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 200

Classification and Declassification of National Security Information and Material

AGENCY: Securities and Exchange Commission.

ACTION: Final Rule—Establishment of subpart.

SUMMARY: This subpart implements certain provisions of Executive Order 12065 which deals with the classification, declassification and safeguarding of national security information.

EFFECTIVE DATE: November 9, 1979.

FOR FURTHER INFORMATION CONTACT: George A. Fitzsimmons, Office of the Secretary, Securities and Exchange Commission, 500 North Capitol St., Washington, D.C. 20549, 202-272-2600.

SUPPLEMENTARY INFORMATION: Executive Order 12065 (43 FR 28949, June 28, 1978) and its implementing directive, Information Security Oversight Directive No. 1 (43 FR 46280, October 5, 1978), establish new procedures and criteria for classifying, declassifying and protecting national security information from unauthorized disclosure. These orders, effective December 1, 1978, require establishment of a new Subpart J under our Organization regulations (17 CFR Part 200).

We are designating the Secretary of the Commission as the senior agency official to oversee compliance with the order and to head the Oversight Committee. This committee will monitor the policies and procedures of the Executive Order and will act on all suggestions and complaints concerning these procedures. It is also charged with establishing the security education program and the controls for preventing unauthorized access that are required by the order.

As adopted, Subpart J requires that the derivative document be marked, at the time it is classified, with the same date or event for declassification as is marked on the source document. The rule provides, however, for source documents that were not assigned a declassification date or were assigned one further in the future than now permitted under Executive Order 12065. In such cases, the derivative document is to be marked with a date for review for declassification 20 years from the date on which the source document was originally classified. If the derivative document contains "foreign government information," (information obtained from a foreign government in confidence), the date for review for declassification should be 30 years from the classification date of the source document.

Although the Commission lacks original classification authority, properly cleared Commission personnel have authority to apply classification markings derived from classified source documents or prescribed by classification guides.

No Commission official has the power to declassify a derivatively classified document. Only the agency that authorized the source document has the power to do that. Also, Commission documents in the control of the Archivist will be systematically reviewed for declassification in accordance with separate guidelines issued after consultation with the Archivist.

Any person, including Commission employees, may request access to a classified document in the Commission's possession, by filing either a Freedom of Information Act (FOIA) request or a request for mandatory review for declassification. Requests for mandatory review for declassification shall be in writing and shall be sent to the Office of the Secretary, Attn: Mandatory Review Request, Securities and Exchange Commission, 500 N. Capitol Street, Washington, D.C. 20549. FOIA requests are processed in accordance with the provisions of the Act and Part 200 of our Regulations. This amendment of Part 200 will govern declassification requests.

Subpart J of Part 200 provides that declassification requests reasonably describe the information sought. If the description of the document is not sufficient, the requester will be notified that no further action will be taken until additional information is provided or the scope of the request is narrowed. If the request is sufficient, but describes a document that is either no longer in the Commission's possession or was derivatively classified by the Commission or originally classified by another agency, the request will be forwarded to the appropriate agency for review together with a copy of the document containing the information requested where practicable, and with the Commission's recommendation to withhold any of the information where appropriate. The requester will be notified of such referrals.

Finally, we are providing for access to classified information by historical researchers and former Commission members. The regulation allows researchers access to classified information if such access would be consistent with the national security and the researcher agrees to protect that information and prevent its unauthorized disclosure. Former Commission members are allowed access under this section only to those classified documents that they originated, reviewed, signed, or received while in public office.

Executive Order 12065 has been in effect since December 1, 1978. Therefore, because this regulation relates solely to agency internal management and procedure and imposes no significant burden on any member of the public, we find that notice and further public procedures are unnecessary, and that an immediate effective date is in the public interest.

Accordingly, the Securities and Exchange Commission adopts Subpart J of Part 200, Classification and Declassification of National Security Information and Material, 17 CFR Part 200, to read as follows:

Subpart J—Classification and Declassification of National Security Information and Material

Authority: Sec. 19 of the Securities Act of 1933, as amended, 48 Stat. 84, 15 U.S.C. § 77s. Executive Order 12065, 43 FR 28949, July 3, 1978. Information Security Oversight Office Directive No. 1 (43 FR 46280, October 5, 1978).

Subpart J—Classification and Declassification of National Security Information and Material

§ 200.500 Purpose.

This part establishes general policies and procedures for the classification, declassification and safeguarding of national security information which is generated, processed and/or stored by the Commission, and supplements Executive Order 12065, June 28, 1978 (43 FR 28949), and Information Security Oversight Directive No. 1, October 5, 1978 (43 FR 46280).

§ 200.501 Applicability.

This part applies to the handling of, and public access to, national security information and classified documents in the Commission's possession. Such documents no longer in the Commission's possession will be handled by the agency having possession, or in accordance with guidelines developed in consultation with the Archivist.

§ 200.502 Definition.

As used in this part: "Foreign government information" means either (a) information provided to the United States by a foreign government or international organization in the expectation, express or implied, that the information be kept in confidence, or (b) information requiring confidentiality, produced by the United States under a written joint arrangement with a foreign government or international organization.

§ 200.503 Senior agency official.

The Secretary of the Commission is designated the senior agency official responsible for conducting an oversight program to ensure effective implementation of Executive Order 12065.

§ 200.504 Oversight Committee.

An Oversight Committee is established, under the chairmanship of the Secretary, with the following responsibilities:

(a) Establish a security education program to familiarize Commission and other personnel who have access to classified information with the provisions of Executive Order 12065, and encourage Commission personnel to challenge those classification decisions they believe to be improper.

(b) Establish controls to insure that classified information is used, processed, stored, reproduced, and transitted only under conditions that will provide adequate protection and prevent access by unauthorized persons.

(c) Establish procedures which require that a demonstrable need, under Section 4-1 of Executive Order 12065, for access to classified information be established before administrative clearance procedures are initiated, as well as other appropriate procedures to prevent unnecessary access to classified information.

(d) Act on all suggestions and complaints concerning Commission administration of its information security program.

(e) Establish procedures within the Commission to insure the orderly and effective referral of requests for declassification of documents in the Commission's possession.

(f) Review on an annual basis all practices for safeguarding information and to eliminate those practices which are duplicative or unnecessary.

(g) Recommend to the Executive Director appropriate administrative action to correct abuse or violation of any provision of Executive Order 12065.

(h) Consider and decide other questions concerning classification and declassification that may be brought before it.

§ 200.505 Original classification.

(a) No Commission Member or employee has the authority to classify any information on an original basis.

(b) If a Commission employee originates information that appears to require classification, the employee shall immediately notify the Secretary and protect the information accordingly.

(c) If the Secretary believes the information warrants classification, it shall be sent to an agency with original classification authority over the subject matter, or to the Information Security Oversight Office, for determination.

§ 200.506 Derivative classification.

Any document that includes paraphrases, restatements, or summaries of, or incorporates in new form, information that is already classified shall be assigned the same level of classification as the source, unless the basic information has been so changed that no classification, or a lower classification than originally assigned, should be used.

§ 200.507 Declassification dates on derivative documents.

(a) A document that derives its classification from information classified on or after December 1, 1978, shall be marked with the date or event assigned to that source information for its automatic declassification or for review of its continued need for classification.

(b) A document that derives its classification from information classified before December 1, 1978, shall be marked as follows:

(1) If the source has a declassification date or event 20 years or less from the date of its original classification, that date or event shall also be assigned to the derivative document.

(2) If the source has no declassification date or is marked for declassification beyond 20 years, the derivative document shall be assigned a date for review for declassification 20 years from the date of original classification of the source information.

(3) If the source contains foreign government information having no date or event for declassification, or has a date 30 years or more from the date of original classification, the derivative document shall be assigned a date for review for declassification 30 years from the date of original classification of the source information.

(c) A derivative document that derives its classification from the approved use of the classification guide of another agency shall bear the declassification date required by the provisions of that classification guide.

§ 200.508 Requests for mandatory review for declassification.

(a) Requests for mandatory review of a Commission document for declassification may be made by any person, including Commission employees. The request shall be in writing and shall be sent to the Office of the Secretary, Attn: Mandatory Review Request, Securities and Exchange Commission, 500 N. Capitol Street, Washington, DC 20549.

(b) The request shall describe the material sufficiently to enable the Commission to locate it. Requests with insufficient description of the material will be returned to the requester for further information.

(c) Within 5 days of receiving a request for declassification, the Commission shall acknowledge its receipt. If the document was derivatively classified by the Commission or originally classified by another agency, the request and the document shall be forwarded promptly to the agency with original classification authority together with the Commission's recommendation to withhold any of the information where appropriate. The requester shall be notified of the referral.

(d) If the request requires the provision of services by the Commission, fair and equitable fees may be charged under Title 5 of the Independent Offices Appropriation Act, 65 Stat. 290, 31 U.S.C. 483a.

§ 200.509 Challenge to classification by Commission employees.

Commission employees who have reasonable cause to believe that information is classified unnecessarily, improperly, or for an inappropriate period of time, may challenge those classification decisions through mandatory review or other appropriate procedures as established by the Oversight Committee. Commission employees who challenge classification decisions may request that their identity not be disclosed.

§ 200.510 Access by historical researchers.

(a) Persons outside the executive branch performing historical research may have access to information over which the Commission has classification jurisdiction for the period requested (but not longer than 2 years unless renewed for an additional period of less than 2 years) if the Secretary determines in writing that access to the information will be consistent with the interests of national security.

(b) The person seeking access to classified information must agree in writing:

(1) To be subject to a national agency check;

(2) To protect the classified information in accordance with the provisions of Executive Order 12065; and

(3) Not to publish or otherwise reveal to unauthorized persons any classified information.

§ 200.511 Access by former Presidential appointees.

(a) Former Commission Members appointed by the President may have access to classified information or documents over which the Commission has jurisdiction that they originated, reviewed, signed, or received while in public office, if the Secretary determines in writing that access to the information will be consistent with the interest of nation security.

(b) The person seeking access to classified information must agree in writing:

(1) To be subject to a national agency check;

(2) To protect the classified information in accordance with the provisions of Executive Order 12065; and

(3) Not to publish or otherwise reveal to unauthorized persons any classified information.

By the Commission.

George A. Fitzsimmons,

Secretary.

November 9, 1979.

[FR Doc. 79-35304 Filed 11-14-79; 8:45 am]

BILLING CODE 8010-01-M

---

17 CFR Part 210

[Release Nos. 33-6144, 34-16325, AS-272]

Rescission of Moratorium on Capitalization of Interest Cost

AGENCY: Securities and Exchange Commission.

ACTION: Amendment of rules.

SUMMARY: The Commission in Accounting Series Release No. 163, issued in November 1974, imposed a moratorium on the adoption or extension of a policy of capitalization of interest cost by companies other than public utilities. In adopting this moratorium the Commission expressed concern that an alternative to the general practice of expensing interest cost as incurred had developed "without careful consideration of such change by the Financial Accounting Standards Board." Capitalization of interest cost has since been given careful study by the FASB and a standard has been established. In response to the initiatives taken by the FASB in establishing a financial accounting and reporting standard for capitalization of interest cost, the Commission is rescinding the moratorium imposed by ASR No. 163. In addition, the Commission is amending its disclosure requirements for interest cost under Rule 3-16(r) of Regulation S-X to adopt the disclosures required under the new standard for all periods for which an income statement is presented.

EFFECTIVE DATE: November 6, 1979 with respect to the revision of Rule 3-16(r). Rescission of the moratorium is effective upon adoption by registrants of the FASB standard.

FOR FURTHER INFORMATION CONTACT: Lawrence C. Best or John W. Albert, Office of the Chief Accountant, Securities and Exchange Commission, 500 North Capitol Street, Washington, D.C. 20549 (202-272-2130).

SUPPLEMENTARY INFORMATION: In November 1974, the Commission adopted Accounting Series Release ("ASR") No. 163, entitled "Capitalization of Interest by Companies other than Public Utilities." [1] Under this release, a moratorium was imposed on the adoption or extension of a policy of capitalization of interest cost by companies other than electric, gas, water and telephone utilities and those companies covered by two exceptions which exist in accounting literature.[2]

The moratorium was adopted in response to a trend in which an increasing number of registrants, other than public utilities and those complying with specialized industry guides, were capitalizing interest costs. The release expressed concern that an alternative to the general practice of expensing interest costs as incurred had developed "* * * without careful consideration of such a change by the Financial Accounting Standards Board * * *." It was further stated that, "at such time as the Financial Accounting Standards Board develops standards for accounting for interest cost, the Commission expects to reconsider this conclusion."

In October, 1979, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 34 "Capitalization of Interest Cost" ("FAS Statement No. 34"), which establishes standards for the capitalization of interest cost as a part of the historical cost of acquiring an asset under certain circumstances. Since the moratorium on interest capitalization under ASR No.

---

[1] Also Release Nos. 33-5540, 34-11100 (November 14, 1974) [39 FR 43197, December 11, 1974].

[2] Exceptions to the general rule of recording interest as a period cost are set forth in an Industry Audit Guide for "Savings and Loan Associations" and an Industry Accounting Guide, "Accounting for Retail Land Sales," both issued by the American Institute of Certified Public Accountants.