

approach procedure requires the designation of controlled airspace to protect instrument aircraft utilizing the instrument approach.

EFFECTIVE DATE: 0901 GMT April 16, 1981.

FOR FURTHER INFORMATION CONTACT:

Al Reahle, Airspace and Procedures Branch, AEA-530, Air Traffic Division, Federal Aviation Administration, Federal Building, J.F.K. International Airport, Jamaica, New York 11430, Telephone (212) 995-3391.

SUPPLEMENTARY INFORMATION: On August 14, 1980, the FAA published a Notice of Proposed Rule Making on page 54078 of the Federal Register 45 FR 54078 and gave interested parties until September 29, 1980, to submit comments. No objections were received.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, Subpart G of the Federal Aviation Regulations (14 CFR Part 71) is amended, effective 0901 GMT April 16, 1981, as published.

(Sections 307(a) and 313(a), Federal Aviation Act of 1958 [49 U.S.C. 1655(c)]; and 14 CFR 11.69)

Note.—The Federal Aviation Administration 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). 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 operation, the anticipated impact is so minimal that this action does not warrant preparation of a regulatory evaluation.

Issued in Jamaica, New York, on February 2, 1981.

Murray E. Smith,

Director, Eastern Region.

Annaville, Pa.

That airspace extending upward from 700 feet above the surface within 5.0-mile radius of the center (40°19'00" N/76°32'15" W) of the Millard Airport, Annville, Pennsylvania and within 4.0 miles either side of the Ravine, Pennsylvania, VORTAC 169° radial extending southward from the 5.0-mile radius area to a point 26 miles from the VORTAC.

[FR Doc. 81-3257 Filed 2-13-81; 8:45 am]

BILLING CODE 4910-13-M

14 CFR Part 71

[Airspace Docket No. 80-EA-50]

**Designation of Transition Areas:
Quarryville, Pa.**

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule designates a Quarryville, Pa., Transition Area over Tanglewood Airport, Quarryville, Pa. This designation will provide protection to aircraft executing a new VOR-DME-B instrument approach which has been developed for the airport. An instrument approach procedure requires the designation of controlled airspace to protect instrument aircraft utilizing the instrument approach.

EFFECTIVE DATE: 0901 GMT April 16, 1981.

FOR FURTHER INFORMATION CONTACT:

Al Reahle, Airspace and Procedures Branch, AEA-530, Air Traffic Division, Federal Aviation Administration, Federal Building, J.F.K. International Airport, Jamaica, New York 11430, Telephone (212) 995-3391.

SUPPLEMENTARY INFORMATION: On August 14, 1980, the FAA published a Notice of Proposed Rule Making on page 54079 of its Federal Register, 45 FR 54078 and gave interested parties until September 29, 1980, to submit comments. No objections were received.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, Subpart G of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) is amended, effective 0901 GMT April 16, 1981, as published.

(Sections 307(a), and 313(a), Federal Aviation Act of 1958 [49 U.S.C. 1348(a) and 1354(c)]; Sec. 6(c) of the Department of Transportation Act [49 U.S.C. 1655(c)]; and 14 CFR 11.69.)

Note.—The Federal Aviation Administration 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). 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 operation, the anticipated impact is so minimal that this action does not warrant preparation of a regulatory evaluation.

Issued in Jamaica, New York, on February 2, 1981.

Murray E. Smith,

Director, Eastern Region.

Quarryville, Pa.

That airspace extending upward from 700 feet above the surface within a 6.5-mile radius of the center (39°51'00"N/76°12'55"W) of Tanglewood Airport, Quarryville, Pennsylvania, and within 4.5 miles each side of the Lancaster, Pennsylvania, VORTAC 168° radial extending from the 6.5-mile radius area to the VORTAC.

[FR Doc. 81-5256 Filed 2-13-81; 8:45 am]

BILLING CODE 4910-13-M

14 CFR Part 71

[Airspace Docket No. 80-EA-19]

**Designation of Transition Areas;
Woodbine, New Jersey**

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule designates a Woodbine, N.J., Transition Area over Woodbine Municipal Airport, Woodbine, N.J. This designation will provide protection to aircraft executing a VOR-A runway instrument approach which has been developed for the airport. An instrument approach procedure requires the designation of controlled airspace to protect instrument aircraft utilizing the instrument approach.

EFFECTIVE DATE: 0901 GMT April 16, 1981.

FOR FURTHER INFORMATION CONTACT:

Al Reahle, Airspace and Procedures Branch, AEA-530, Air Traffic Division, Federal Aviation Administration, Federal Building, J.F.K. International Airport, Jamaica, New York 11430, Telephone (212) 995-3391.

SUPPLEMENTARY INFORMATION: On August 14, 1980, the FAA published a Notice of Proposed Rulemaking on page 54077 of the Federal Register 45 FR 54078 and gave interested parties until September 29, 1980, to submit comments. No objections were received.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, Subpart G of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) is amended, effective 0901 GMT April 16, 1981, as published.

(Secs. 307(a), and 313(a), Federal Aviation Act of 1958 [49 U.S.C. 1348(a) and 1354(c)]; Sec. 6(c) of the Department of Transportation Act [49 U.S.C. 1655(c)]; and 14 CFR 11.69.)

Note.—The Federal Aviation Administration 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). 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 operation, the anticipated impact is so minimal that this action does not warrant preparation of a regulatory evaluation.

Issued in Jamaica, New York, on February 2, 1981.

Murray E. Smith,

Director, Eastern Region.

Woodbine, N.J.

That airspace extending upward from 700 feet above the surface within a 6.5-mile radius of the center (39°13'08" N/74°47'37" W) of the Woodbine Municipal Airport, Woodbine, New Jersey, and within 1.5 miles each side of the Sea Isle, New Jersey, VORTAC 002 radial extending from the 6.5-mile radius area to a point 1 mile north of the VORTAC.

[FR Doc. 81-5256 Filed 2-13-81; 8:45 am]

BILLING CODE 4910-13-M

14 CFR Part 71

[Airspace Docket No. 80-EA-54]

Designation of Transition Area; Greenville, Pa.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This rule designates a Greenville, Pa., Transition Area over Greenville Municipal Airport, Greenville, Pa. This designation will provide protection to aircraft executing a new VOR Runway 4 instrument approach which has been developed for the airport. An instrument approach procedure requires the designation of controlled airspace to protect instrument aircraft utilizing the instrument approach.

EFFECTIVE DATE: 0901 GMT April 16, 1981.

FOR FURTHER INFORMATION CONTACT: Al Reahle, Airspace and Procedures Branch, AEA-530, Air Traffic Division, Federal Aviation Administration, Federal Building, J.F.K. International Airport, Jamaica, New York 11430, Telephone (212) 995-3391.

SUPPLEMENTARY INFORMATION: On August 14, 1980, the FAA published a Notice of Proposed Rulemaking on page 54078 of the Federal Register, 45 FR 54078 giving interested parties until September 29, 1980, to submit comments. No objections were received.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, Subpart G of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) is amended, effective 0901 GMT April 16, 1981, as published.

(Secs. 307(a) and 313(a), Federal Aviation Act of 1958 [49 U.S.C. 1348(a) and 1354(c)]; Sec. 6(c) of the Department of Transportation Act [49 U.S.C. 1655(c)]; and 14 CFR 11.69.)

Note.—The Federal Aviation Administration 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). 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 operation, the anticipated impact is so minimal that this action does not warrant preparation of a regulatory evaluation.

Issued in Jamaica, New York, on February 2, 1981.

Murray E. Smith,

Director, Eastern Region.

Greenville, Pa.

That airspace extending upward from 700 feet above the surface within a 6.0 mile radius of the center (41°26'49"N/80°23'30"W) of the Greenville Municipal Airport, Greenville, Pennsylvania and within 4.5 each side of the Youngstown, Pennsylvania, VORTAC 062 radial from the 6.0 mile radius area to a point 7 miles east of the VORTAC.

[FR Doc. 81-5275 Filed 2-13-81; 8:45 am]

BILLING CODE 4910-13-M

CIVIL AERONAUTICS BOARD

14 CFR Part 298

[Regulation ER-1213; Economic Regulations Amdt. No. 15 to Part 298; [Docket No. 38815]

Classification and Exemption of Air Taxi Operators

AGENCY: Civil Aeronautics Board.

ACTION: Final rule.

SUMMARY: The CAB eliminates the requirement that air taxis reregister every 2 years. They will still have to register before beginning operations and file amendments when there is a change in their operations. The information that has been obtained by the biennial reregistration is available from other sources.

DATES: Adopted: February 10, 1981. Effective: February 10, 1981.

FOR FURTHER INFORMATION CONTACT: Patti Szrom, Bureau of Domestic Aviation, Special Authorities Division,

Civil Aeronautics Board, 1825 Connecticut Avenue, N.W., Washington, D.C. 20428; 202-673-5088.

SUPPLEMENTARY INFORMATION: In EDR-410, 45 FR 67680, October 14, 1980, the Board proposed to eliminate the requirement that air taxis reregister every 2 years. 14 CFR Part 298 requires all air taxi operators, including commuter air carriers, to register with the Board before commencing operations and to maintain a minimum level of insurance coverage on those operations. The initial registration provides a list of air taxis, information used in Board reports and surveys, and a method to check air taxi operator compliance with insurance requirements. The requirement that air taxis reregister every 2 years was designed to keep the list of air taxis current and to provide notice to the Board of any change in carrier operations and insurance coverage. The next reregistration is scheduled for July 1, 1981.

The notice of proposed rulemaking proposed to eliminate the biennial reregistration requirement because the Board receives the same information under other Board rules. Section 298.23 requires air taxi operators to notify the Board of changes in name, address, type of operation, type of aircraft used, and any temporary or permanent cessation of operation. The Board is notified of any changes in air taxi insurance coverage under §§ 298.41(d) and 298.45. In addition, we are able to keep track of changes in air taxis' operations and insurance through communications with the FAA. Although reregistration provides an additional source of information, it is an unnecessary burden on air taxi operators.

Comments were filed by Bryan Aircraft, Cal Sierra, Carteret Surgical Associates, Charles L. Gross, Corporate Flight, Crow, Crystal Shamrock, Ed's Flying Service, Falcon Aeronautical, Great Lakes Aero Distributors, Kenmore Air Harbor, Prattville Aviation Company, Scenic Airlines, Tacoma Aviation Center and Tri-State Flite Services. All endorsed the Board's proposal for eliminating unnecessary regulatory paperwork. No negative comments were received.

The Board therefore eliminates the reregistration requirement. A reference to reregistration in § 298.21(c)(1)(iv) that was overlooked in the NPRM has been deleted. Air taxis still must register with the Board, maintain insurance coverage and submit amendments when required by § 298.23. The registration will remain in effect until it is amended by the carrier refiling Form 298-A or is canceled by the Board. Seasonal carriers

should note the nature of their service on Form 298-A so that their registration will not be canceled when they cease operations for part of the year.

Form 298-A has been revised to clarify certain ambiguities. The changes are not substantive. A question asking whether the registering carrier is a U.S. citizen has been added to that form and in § 298.21(c)(1)(viii). The section on types of service has been expanded, and the order of the questions has been changed for clarity.

Under the Regulatory Information Planning Project, we have considered what effect elimination of these recurrent reports may have. As stated previously, the information gathered from reregistration is readily available from other sources. All the commenters agreed that the report was unnecessary. Elimination of these reports, therefore, merely reduces the burden on air carriers without jeopardizing other sources of the identical information.

The revised version of Form 298-A has been submitted to the General Accounting Office for review under the Federal Reports Act (44 U.S.C. 3512). The original version of this form was approved by the GAO under the number B-180226 (RO331). Air taxis may use this form until the revised form has been cleared. We will publish a notice of GAO's action as soon as it is received.

Since this final rule relieves a restriction and creates no additional burden, we find that it may become effective immediately.

Accordingly, the Board amends 14 CFR Part 298, *Classification and Exemption of Air Taxi Operators*, as follows:

Part 298 Authority [Revised]

1. The authority for Part 298 is revised to read:

Authority: Secs. 204, 401, 407, 416, 418, Pub. L. 85-726, as amended, 72 Stat. 743, 754, 766, 771, 91 Stat. 1284; 49 U.S.C. 1324, 1371, 1377, 1386, 1388.

2. A new § 298.24 is added to the table of contents, to read:

Sec.
298.24 Cancellation of the registration.

3. Section 298.3(a)(3) is amended to eliminate the reference to reregistration, so that it reads:

§ 298.3 Classification.

(a) * * *

(3) Have registered with the Board in accordance with Subpart C of this part;

4. In § 298.21, paragraphs (b), (c), (c)(1), (c)(1)(iv), (c)(1)(v), (c)(1)(vii), and

(c)(3) are revised and a new paragraph (c)(1)(viii) is added to read:

§ 298.21 Filing for registration by air taxi operators.

(b) The registration of an air taxi operator shall remain in effect until it is amended by the carrier or canceled by the Board.

(c) Registration shall be accomplished by a filing with the Board's Bureau of Domestic Aviation, except for air taxi operators with a mailing address in the State of Alaska who shall file with the Board's Field Office, Box 27, Anchorage, Alaska, 99513, the following:

(1) CAB Form 298-A, "Air Taxi Operator and Commuter Air Carrier Registration and Amendments Under Part 298 of the Economic Regulations of the Civil Aeronautics Board" executed in duplicate.^a This form shall be certified by a responsible official and shall include the following information:

(i) * * *

(ii) * * *

(iii) * * *

(iv) The type of service the carrier will offer (scheduled passenger, scheduled cargo, mail under a United States Postal Service contract, on-demand passenger, on-demand cargo, or other service such as air ambulance operations, firefighting or seasonal operations);

(v) A list of the aircraft that the carrier proposes to operate, or, in the case of an amendment to the registration, the aircraft that it is currently operating in its air taxi operations, and the aircraft type, FAA registration number and passenger capacity of each aircraft;

(vi) * * *

(vii) For amendments, whether the carrier has carried passengers in foreign air transportation during the previous 12 months;

(viii) Whether the carrier is a United States citizen;

(2) * * *

(3) A 15 dollar registration fee in the form of a check, draft, or postal money order payable to the Civil Aeronautics Board.

^a CAB Form 298-A is filed as part of the original document and can be obtained from the Publications Services Section, Civil Aeronautics Board, Washington, D.C. 20428.

5. Section 298.22 is revised to read:

§ 298.22 Processing by the Board.

After examination of the Form 298-A submitted by the carrier, the Board will stamp the effective date of the registration on the form and return the duplicate copy to the carrier to confirm that it has registered with the Board as required by this part. The effective date of the registration shall not be earlier

than the effective date of the insurance policy or policies named in the certificate of insurance filed by the carrier under § 298.21(c)(2).

6. Section 298.23 is revised to read:

§ 298.23 Notifications to the Board of change in operations.

(a) An air taxi operator shall submit an amendment to its registration not later than 30 days after any of the following events:

(1) A change in its name or address;

(2) A change in its type of operations (passenger, cargo, mail, scheduled, etc.);

(3) A temporary or permanent cessation of its operations; or

(4) A change in the type of aircraft operated.

(b) An amendment shall be made by resubmitting CAB Form 298-A to the Board's Bureau of Domestic Aviation. If the air taxi operator has a mailing address in the State of Alaska, the form shall be mailed to the Board's Field Office, Box 27, Anchorage, Alaska 99513.

7. A new § 298.24 is added, to read:

§ 298.24 Cancellation of the registration.

The registration of an air taxi operator may be canceled by the Board if any of the following occur:

(a) The operator notifies the Board that it is ceasing operations;

(b) The operator's insurance coverage changes or lapses;

(c) The operator fails to file an amended registration when required by § 298.23;

(d) The operator's operating authorization is revoked by the Federal Aviation Administration;

(e) In the case of a commuter air carrier, the Board finds that the carrier is not fit, willing, and able to conduct scheduled service.

8. Section 298.31 is amended by removing the reference to reregistration so that it reads:

§ 298.31 Scope of service and equipment authorized.

Nothing in this part shall be construed as authorizing the operation of large aircraft in air transportation, and the exemption provided by this part to air taxi operators that register with the Board extends only to the direct operation in air transportation in accordance with the limitations and conditions of this part of aircraft designed to have a maximum passenger capacity of 60 seats or less or a maximum payload capacity of 18,000 pounds or less.

9. CAB Form 298-A has been amended as shown in the attachment.*

By the Civil Aeronautics Board.

Phyllis T. Kaylor,

Secretary.

[FR Doc. 81-5338 Filed 2-13-81; 8:45 am]

BILLING CODE 6320-01-M

FEDERAL TRADE COMMISSION

16 CFR Part 13

[Docket 8954]

Equifax Inc.; Prohibited Trade Practices, and Affirmative Corrective Actions

AGENCY: Federal Trade Commission.

ACTION: Final order.

SUMMARY: This order requires, among other things, an Atlanta, Ga. consumer credit reporting firm to cease misrepresenting the identity of its investigative personnel; improperly providing its customers with updated consumer report information; and rewarding or punishing its employees on the basis of the amount of adverse information collected and included in their reports on consumers. The order further requires that the company cease failing to make statutorily required disclosures to consumers requesting information concerning their credit status; provide such consumers with all the information in its files; and reinvestigate any disputed item of information promptly.

DATES: Complaint issued February 21, 1974. Final order issued December 15, 1980.¹

FOR FURTHER INFORMATION CONTACT: FTC/P, Albert H. Kramer, Washington, D.C. 20580. (202) 523-3727.

SUPPLEMENTARY INFORMATION: In the Matter of Equifax Inc., a corporation (formerly Retail Credit Company, a corporation). The prohibited trade practices and/or corrective actions, as codified under 16 CFR Part 13, are as follows: Subpart—Collecting, Assembling, Furnishing or Utilizing Consumer Reports and/or Information: § 13.382 Collecting, assembling, furnishing or utilizing consumer reports and/or information; 13.382-1 Confidentiality, accuracy, relevancy, and proper utilization; 13.382-1(a) Fair Credit Reporting Act; 13.382-5 Formal

regulatory and/or statutory requirements; 13.382-5(a) Fair Credit Reporting Act. Subpart—Corrective Actions and/or Requirements: § 13.533 Corrective actions and/or requirements; 13.533-20 Disclosures; 13.533-37 Formal regulatory and/or statutory requirements. Subpart—Failing To Comply With Affirmative Statutory Requirements: § 13.1048 Failing to comply with affirmative statutory requirements; 13.1048-10 Fair Credit Reporting Act. Subpart—Misrepresenting Oneself and Goods—Business Status, Advantages or Connections: § 13.1520 Personnel or staff. Subpart—Misrepresenting Oneself and Goods—Goods: § 13.1623 Formal regulatory and statutory requirements; § 13.1740 Scientific or other relevant facts. Subpart—Neglecting, Unfairly or Deceptively, To Make Material Disclosure: § 13.1852 Formal regulatory and statutory requirements; 13.1852-60 Fair Credit Reporting Act; § 13.1895 Scientific or other relevant facts.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 84 Stat. 1128-36; 15 U.S.C. 1681-1681t)

The Final Order, including further order requiring report of compliance therewith, is as follows:

This matter having been heard by the Commission upon the cross-appeals of respondent and complaint counsel from the initial decision and upon briefs and oral argument in support thereof and opposition thereto, and the Commission for the reasons stated in the accompanying opinion having determined to affirm in part and reverse in part the initial decision:

It is ordered that the initial decision of the administrative law judge be adopted as the findings of fact and conclusions of law of the Commission, except to the extent inconsistent with the accompanying opinion.

Other findings of fact and conclusions of law of the Commission are contained in the accompanying opinion.

It is further ordered that the following order to cease and desist be, and it hereby is, entered:

I

It is ordered that respondent Equifax Inc., a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the collection, preparation, assembly, sale, or distribution of consumer reports, investigative consumer reports, and files, as "consumer report," "investigative

consumer report," and "file" are defined in Section 603 (d), (e) and (g) of the Fair Credit Reporting Act (Pub. L. No. 91-508, 15 U.S.C. 1681 *et seq.*) ("the Act") and interpreted in the accompanying Opinion of the Commission (except credit reports prepared by Credit Bureau, Inc. of Georgia, Credit Bureau of Montreal, Ltd., and Credit Marketing Services), shall cease and desist from:

A. Representing, directly or by implication, during the preparation of any report, that investigative personnel employed by Equifax are agents or employees of the company to which the consumer who is the subject of the report has applied for a benefit.

B. Submitting consumer report information to any of its customers who has previously received a consumer report regarding the same consumer, unless: in response to the order of a court having jurisdiction to issue such an order; in accordance with the written instructions of the consumer to whom it relates; or respondent has reason to believe the requester intends to use the information for a permissible purpose as set out in Section 604 of the Act.

C. (1) Rewarding or punishing employees, or representing to employees that they will be rewarded or punished, on the basis of the amount of adverse information (*i.e.*, information which may have, or may reasonably be expected to have, an unfavorable bearing on a consumer's eligibility or qualification for credit, insurance, employment or other benefit, including information which may result, or which may reasonably be expected to result, in a denial of, or increased costs for such benefits) or the proportion, or number, of consumer reports or investigative consumer reports they prepare which contain adverse information about or relating to the consumers who are subjects of said reports; or (2) Encouraging employees, directly or indirectly, to produce a specified number, or proportion, of reports containing adverse information.

D. Using any system of quality audits or any other plan or procedure whereby the performance of branch offices, regions, or other organizational units, or individuals, with respect to the production of adverse information, is ranked against that of other organizational units or individuals, or against previous performance by the same organizational units or individuals.

E. Including in a consumer report concerning employment at an annual salary of less than \$20,000 any notice or other statement that indicates directly or indirectly by means of boilerplate language the existence of items of adverse information, the disclosure of

¹ Revised CAB Form 298-A filed with the Office of the Federal Register as part of the original document.

² Copies of the Complaint, Initial Decision, Opinion, Appendices and Final Order filed with the original document.

which is prohibited by Section 605 of the Act; *provided*, however, that language notifying the customer of the statutory limitations on the reporting of adverse information may be included in the type of consumer report to which this paragraph applies if it is included in all such reports, regardless of whether a particular consumer's file contains adverse information which the statute prohibits from being reported; and *provided further*, that it is accompanied by an explanation that the notification is included in all reports of the type to which this paragraph applies and is not intended to imply the existence of obsolete adverse information which may not be reported.

F. Misrepresenting to any consumer who requests information concerning himself or herself in respondent's files, the consumer's rights to obtain disclosure by telephone under Section 610 of the Act.

G. Failing: 1. To make available to any consumer who requests information concerning himself or herself in respondent's files, in person or by mail, at the consumer's option, all forms which he or she must execute in connection with the requirements of Section 610 of the Act to receive disclosure to which the consumer is entitled under the Act and this order; and

2. To inform the consumer: that he or she has the right to disclosure upon proper identification, by telephone if he or she pays any toll charge, or in person, at the consumer's option; and what constitutes proper identification.

H. Failing to give disclosure required by Section 609 of the Act to any consumer who has requested disclosure, has provided proper identification as required by respondent under Section 610 of the Act, and has paid or accepted any charges which may be imposed under Section 612 of the Act.

I. Failing, when giving consumers disclosure, to disclose the nature and substance of all information (excluding medical information as defined in Section 603(i) of the Act) in its files on the consumer at the time of the request, as required by Section 609 of the Act.

J. Requiring a consumer, as a prerequisite to disclosing information from the consumer's file pursuant to Section 609 of the Act, to fill out or sign a form which authorizes respondent to conduct a reinvestigation of any item the consumer may dispute, or to transmit the results of such reinvestigation to persons to whom it has previously reported the disputed information or which authorizes any business, organization, professional person or anyone else to give full

information and records about said consumer to respondent; or interposing any other similar condition or requirement which exceeds those specified in Section 610 of the Act.

K. Failing within a reasonable period of time to reinvestigate any item of information in a consumer's file, the completeness or accuracy of which is disputed by the consumer, unless it has reasonable grounds to believe the dispute is frivolous or irrelevant, as required by Section 611(a) of the Act.

L. Furnishing, directly or indirectly, other than for reports prepared solely for use in the business of insurance, medical information, as defined in Section 603(i) of the Act, obtained in response to a written authorization signed by a consumer, unless the authorization clearly identifies respondent as a recipient of the medical information.

II

It is further ordered that respondent deliver a copy of this order to all present and future employees who are engaged in the preparation of consumer reports and investigative consumer reports or who are engaged in the disclosure or reinvestigation of information required by the Act.

It is further ordered that respondent distribute a copy of this order to each of its operating divisions and subsidiaries.

III

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

IV

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

By the Commission.²

Carol M. Thomas,
Secretary.

[FR Doc. 81-3279 Filed 2-13-81; 8:45 am]

BILLING CODE 6750-01-M

² Commissioner Pitofsky did not participate.

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 210, 229, 230, 240, 249, 250 and 260

[Release Nos. 33-6288; 34-17524; 35-21913; 39-610; IC-11612; AS-286]

New Interim Financial Information Provisions and Revision of Form 10-Q for Quarterly Reporting

AGENCY: Securities and Exchange Commission.

ACTION: Final rules.

SUMMARY: The Commission announces the adoption of amendments to Form 10-Q, the quarterly reporting form under the Securities Exchange Act of 1934; to Regulation S-K, the standard instructions for filing forms under the Securities Act of 1933 and the Securities Exchange Act of 1934; to Regulation S-X, the regulation which prescribes the form and content of and requirements for financial statements; and to related rules. These amendments make disclosure requirements for interim financial information in quarterly reports and in registration statements consistent with those recently adopted for annual reporting as part of the integrated disclosure program and establish standard requirements for both interim financial statements and management's discussion and analysis for interim periods. This action is intended to simplify disclosure regulations, to reduce reporting burdens by furthering the Commission's program to integrate disclosure obligations under the federal securities laws, to encourage integration of formal and informal shareholder communications, and to enhance the value of quarterly and interim information disclosed to investors and shareholders.

EFFECTIVE DATE: For all filings and reports pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934 containing financial information for interim periods subsequent to the end of fiscal years ended after December 15, 1980. For filings and reports containing financial information for interim periods prior to such time, registrants are permitted to comply with these amendments, provided that the filing or a previous filing contains financial information for the most recent fiscal year prepared in compliance with the amendments to Regulation S-X and S-K adopted in Securities Act Release Nos. 6231, 6233, and 6234 (September 2, 1980) (45 FR 63630, 63660, and 63682).

FOR FURTHER INFORMATION CONTACT: Prior to effectiveness of the amendments, contact Lawrence C. Best,

(202) 272-2130, Office of the Chief Accountant (Accounting Matters); Catherine Collins McCoy, (202) 272-2589, or William E. Morley, (202) 272-2573 (Other Matters); Division of Corporation Finance. Thereafter, contact only William E. Morley.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission announced today: (1) the revision of Form 10-Q (17 CFR 249.318a), the quarterly report form required to be filed by most publicly owned companies; (2) the adoption of an amendment to Item 11 of Regulation S-K (17 CFR 229.20) setting forth the standard requirements for management's discussion and analysis of interim financial information; (3) the adoption of a new Article 10 in Regulation S-X (17 CFR Part 210) containing uniform instructions as to the form and content of interim financial statements in Form 10-Q; (4) related amendments to various provisions of Regulation S-X, to the projections safe-harbor rules under the federal securities laws, and to the exhibits provisions of Item 7 of Regulation S-K; and (5) a technical amendment to Rule 3-12 of Regulation S-X.

The new provisions in Regulation S-K and Regulation S-X significantly change as well as standardize the requirements as to the form and content of financial information disclosed for interim periods both in quarterly reports required under the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. 78a et seq.) and registration statements filed under the Securities Act of 1933 (the "Securities Act") (15 U.S.C. 77a et seq.). These actions, together with the streamlining and clarifying revisions to Form 10-Q, are an integral part of the Commission's program to integrate the disclosure requirements of the Exchange Act with those of the Securities Act and to encourage and facilitate the integration of corporate reporting on formal Commission filings with informal corporate communications with shareholders.

Background

The proposed revisions to Form 10-Q, Regulation S-K, Regulation S-X and related rules were published for public comment on September 2, 1980,¹ as part of a group of six rulemaking actions designed to achieve an integrated and simplified disclosure system. At that time, the Commission adopted amendments to Form 10-K (17 CFR 249.310), Rule 14a-3 (17 CFR 240.14a-3), Regulation S-K, and Regulation S-X

which laid the foundation for integration and substantially changed the requirements for annual reporting to the Commission and to security holders under the Exchange Act.²

The remaining two actions taken on September 2, 1980, concerned the registration of securities under the Securities Act³ and demonstrated the operation of the Commission's integration initiatives. First, Securities Act disclosure documents are scaled down by relying, wherever possible, through incorporation by reference, on the role played by continuous reporting under the Exchange Act in supplying current information to shareholders and to the trading markets. Second, the concepts of uniform disclosure and interchangeable document parts are employed so that documents produced in response to one disclosure system may then be used to satisfy some or all of the obligations under another system.

It was within this framework that the Commission proposed to revise Form 10-Q and the requirements for reporting interim financial information. The amendments being adopted herein for quarterly reporting complement those previously adopted for annual reporting, most significantly through management's discussion and analysis of financial information and uniform financial statement instructions. The comprehensive scheme for Exchange Act reporting thus will ensure the continuous flow of meaningful information necessary to allow Exchange Act disclosure to replace full reiteration in the Securities Act context or to support abbreviated Securities Act disclosure where appropriate. In addition, the amendments adopted herein make the requirements for interim financial reporting under the Exchange Act consistent with those for interim financial information presented in Securities Act registration statements.

¹ Securities Act Release Nos. 6231, 6233, 6234 (September 2, 1980) (45 FR 63630). The changes adopted included eliminating unnecessary and overlapping reporting requirements; restructuring Form 10-K to facilitate integration of formal and informal reports; adding a new requirement for management's discussion and analysis of financial condition and results of operations; establishing uniform financial statement instructions governing the periods to be covered in Form 10-K, the annual report to security holders and other forms and reports under both Acts; and revising Regulation S-X to eliminate certain differences with generally accepted accounting principles.

² The Commission adopted new Form S-15 (17 CFR 239.29), an abbreviated form for registering securities issued in certain business combinations. Securities Act Release No. 6232 (September 2, 1980) (45 FR 63647), and proposed for comment Forms A, B and C, new forms that would constitute the basic Securities Act disclosure framework. Securities Act Release No. 6235 (September 2, 1980) (45 FR 63693).

If they desire, registrants may meet the obligations of the Exchange Act system by using their informal annual and quarterly reports to shareholders to satisfy Exchange Act requirements for all or any part of the information required to be filed. The Form 10-Q, Regulation S-K and Regulation S-X revisions build upon the annual reporting system to ensure meaningful disclosure on a continuous basis by making quarterly reporting a mechanism to update the annual report. Where an informal report to shareholders contains some or all of the required information, appropriate portions of the report may be incorporated by reference into the Form 10-Q in lieu of repetitive disclosure, just as the annual report to security holders may be used to satisfy some of the requirements of Form 10-K.

The proposed amendments generated substantial public commentary, with seventy-five letters received in response to the invitation for comment.⁴ Comment was overwhelmingly in favor of the proposals. In addition, a number of specific comments were directed to various specific aspects of the proposals, many suggesting respects in which the proposals could be enhanced to better achieve the Commission's goals. The amendments adopted herein reflect a number of helpful comments received. These specific comments, as well as some others not directly reflected in the text of the amendments as adopted, are discussed where appropriate in the following "Synopsis" portion of the release.

Synopsis of Rule Amendments Adopted

The following brief synopsis is intended to assist interested parties in their understanding of the amendments being adopted. Included in the discussion are respects in which the amendments differ from those as proposed. The changes in the financial statement instructions for interim financials and the amended management's discussion and analysis provision, the most critical aspects of the amendments adopted herein, will be addressed first. Next, the amendments being adopted to the cover page, instructions, and Part II of Form 10-Q will be discussed. Finally, the synopsis

⁴ Letters were received from the following categories of commentators: corporations (56); accounting firms and associations (10); law firms and associations (3); trade organizations and associations (5); and the securities industry (1). Copies of these letters are available for public inspection and copying at the Commission's Public Reference Room (File No. S7-850). For the convenience of the public, a copy of a letter summary prepared by the staff of the Commission has been placed in File No. S7-850 and is also available for public inspection and copying.

¹ Securities Act Release No. 6236 (September 2, 1980) (45 FR 63724).

will point out the related amendments being adopted to the projections safe harbor rules and to the exhibits item (Item 7) of Regulation S-K. Attention is directed to the text of the rule and form amendments for a more complete understanding.

A. Interim Financial Information Requirements

1. Financial Statement Requirements Centralized in Regulation S-X.

With the adoption in September 1980, of the new Article 3 of Regulation S-X, standard requirements for financial statements were established for reporting on annual periods in Form 10-K and in most registration forms.⁶ At the same time, the rules governing the form and content of interim financial statements for purposes of registration statements were conformed with the requirements of Form 10-Q, with the instructions in Form 10-Q becoming the principal guidance for the preparation of all interim financial information. The new Article 10 of Regulation S-X adopted herein transfers to a separate article in Regulation S-X the standard instructions for interim financial statements heretofore contained in Form 10-Q. The rules concerning the form and content of interim financial statements have been taken principally from the existing provisions of Form 10-Q. Changes made to those provisions are specifically addressed in the following discussions. The Commission believes this move to standardize the instructions as to interim financial statements in Regulation S-X and to standardize the requirements for management's discussion and analysis of interim periods (discussed in greater detail below) further simplifies the disclosure requirements under the federal securities laws.

2. Clarification of Interim Disclosure Rules.

The rules which have been included in Regulation S-X contain revised language, in paragraph (a)(5) of Article 10-01, regarding the basis upon which the adequacy of the interim financial disclosure may be determined. This provision is designed to alleviate the confusion caused by the previous Instruction 4(a)(3) to Part I of Form 10-Q⁷ by setting forth an expanded

description of the basis upon which registrants may determine the adequacy of interim disclosure. Registrants are instructed that the interim financial information is to include disclosure, either on the face of the financial statements or in accompanying footnotes, sufficient so as to make the interim information presented not misleading. The need for and adequacy of additional disclosure is to be determined, except in regard to material contingencies, in the context of a presumption that users of interim financial information have either read or have access to the audited financial statements for the latest fiscal year. Footnote disclosure which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recent fiscal year, and detailed disclosures prescribed by Rule 4-08 of Regulation S-X (note requirements for complete financial statements) may be omitted.

Disclosure is required to be provided, however, where events having a material impact on the registrant have occurred since the end of the most recent fiscal year. Disclosure will encompass, for example, significant changes since the end of the most recent fiscal year in such items as: accounting principles and practices; estimates inherent in the preparation of financial statements; status of long-term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business combinations or dispositions. Where material contingencies exist, disclosure of these contingencies must be included even though a material change in such contingencies may not have occurred since the end of the prior fiscal year.

As proposed, the rules would have allowed registrants the flexibility of providing disclosure necessary for fair presentation on the face of the interim financial statements, in accompanying footnotes or in the interim management's discussion and analysis. Commentators objected to this degree of flexibility because they believe interim financial statements should stand on their own, with all relevant disclosures included therewith, just as Regulation S-X requires fiscal year financial statements to stand on their own. Allowing flexibility would mean that

registrants could combine the verifiable data needed for a fair presentation of the interim financial statements with the more subjective data in management's discussion and analysis. In addition, limited reviews of interim results by independent accountants could become more difficult to perform. The Commission believes that even for interim reporting it is important to distinguish between disclosures necessary for fair presentation of financial condition and disclosures which are supplemental in nature. Accordingly, paragraph (a)(5) of Article 10-01 as adopted does not allow registrants to provide the disclosures necessary for fair presentation in management's discussion and analysis.

Many commentators also objected to the proposed requirement to disclose material contingencies in interim reports even though a significant change since the prior year end may not have occurred. A number of commentators believed this provision to be inconsistent with the ability of registrants to presume that users have read or have access to the latest audited financial statements and recommended that this exception to the general rule be eliminated. The requirement to repeat the disclosure of material contingencies in interim reports was proposed by the Commission, however, because of its understanding of the disclosure requirements already existing under generally accepted accounting principles.⁸ The Commission continues to believe that APBO No. 28 requires material contingencies to be disclosed in interim reports regardless of whether a material change in the status of the contingencies has occurred. Accordingly, the amendments adopted specify that "when material contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred."

Certain commentators indicated that certain of the specific requirements of Form 10-Q, proposed for transfer to Regulation S-X, were duplicative of generally accepted accounting principles and thus should be deleted. In response to these comments, the Commission wishes to restate its general desire not to retain provisions in Regulation S-X

⁶ Regulation S-X contains uniform rules regarding the periods for which financial statements must be provided as well as requirements governing their form and content.

⁷ Instruction 4(a)(3) of Form 10-Q provided that: Rule 4-08 of Regulation S-X and other requirements which call for detailed footnote disclosure and schedules shall not apply. As with all information filed with the Commission, however, disclosures must be adequate to make the information presented not misleading.

⁸ Paragraph 22 of Accounting Principles Board Opinion (APBO) No. 28, "Interim Financial Reporting," states:

Contingencies and other uncertainties that could be expected to affect the fairness of presentation of financial data at an interim date should be disclosed in interim reports in the same manner required for annual reports. Such disclosures should be repeated in interim and annual reports until the contingencies have been removed, resolved, or have become immaterial.

which are clearly duplicative of generally accepted accounting principles. However, the Commission at this time does not believe that generally accepted accounting principles for interim reporting purposes are as well defined as the principles for annual reporting purposes, especially in regard to financial statements which constitute less than a complete set of financial statements but which are more comprehensive than summarized data of operations. Consequently, the Commission has elected to retain, and in some cases add to, the level of guidance offered applicable to the interim data it requires.

3. Reference to Review by Independent Accountants.

Paragraph (d) of Article 10-01 reflects a change from past requirements applicable where an independent accountant performs a review of interim financial statements and the registrant makes reference to the review in the report containing the interim data. Previously, if a registrant stated that an independent accountant had performed a review of the interim data, it also had to state whether all adjustments or additional disclosures proposed by the independent accountant had been reflected in the data presented, and, if not, why not. Further, a letter from the independent accountant could have been included but was not required to be included as an exhibit to the form confirming or otherwise commenting on the registrant's representations. These requirements of Form 10-Q were never updated to recognize the provisions of Statement on Auditing Standards (SAS) No. 24,* which provides the accounting profession guidance on the nature, timing and extent of procedures to be applied in conducting interim reviews and on the reporting applicable to such engagements. SAS No. 24 requires, among other things, a statement in the independent accountant's report as to whether he is aware of any material modifications that should be made to the interim financial information so that it conforms with generally accepted accounting principles.

The Commission believes that the expression of limited assurance now provided for by SAS No. 24 renders unnecessary the previous Form 10-Q requirement and, therefore, has appropriately modified the requirements in the rules adopted. Under the revised provision, if a review of interim data is made in accordance with the

established professional standards and procedures for such reviews and the registrant refers to the review performed, the report of the independent accountant must accompany the interim information, rather than be filed as an exhibit as proposed. The Commission believes paragraph (d) as adopted results in greater consistency with the provisions of SAS No. 24.

4. Other Changes Reflected in New Article 10.

Other changes from the proposed interim financial statement requirements include the following. First, the periods for which balance sheets are required in filings on Form 10-Q have been revised. This change, which was made in conjunction with revisions to the scope of management's discussion and analysis for interim periods, is discussed below together with the discussion of the latter provision. Second, the bases to be used in applying the percentage tests for determining required balance sheet and income statement captions have been more clearly specified. Third, the rules regarding rounding of amounts and presentation of negative amounts in interim reports have been conformed to the general provisions of Regulation S-X by removing the separate instructions as to these items from the interim requirements. Fourth, the phrase "significant portion of its business" in the instruction regarding disclosure of discontinued operations has been replaced by the phrase "significant segment of its business." Fifth, the word "material" has been added to the instruction regarding accounting changes. Finally, required disclosure of the components of inventories—raw materials, work-in-progress and finished goods—may now be shown either on the face of the balance sheet or in the footnotes to the financial statements.

5. Management's Discussion and Analysis.

New requirements governing the scope and content of management's discussion and analysis of interim financial statements have been added to Item 11 of Regulation S-K. The new provision is intended to complement the requirements already established for discussions of annual periods by requiring interim period discussions to focus on the same information discussed for annual periods in order to provide an update of the annual discussion. The interim discussion is not required to reiterate all of the information presented in the full year discussion. Rather, only material changes in financial condition and results of operations occurring during the periods covered by the interim financial statements need be discussed.

The discussion of material changes in financial condition must cover the period from the end of the preceding fiscal year to the date of the most recent interim balance sheet provided and must focus on items required for annual discussions such as liquidity and capital resources. The proposed provision would have required a discussion of financial condition as of the date of the most recent interim balance sheet provided and of financial condition as of the corresponding interim date of the preceding fiscal year. However, the Commission shares the views expressed by many commentators that the most meaningful discussion of financial condition for interim reporting purposes would deal with the end of the preceding fiscal year and the date of the most recent interim balance sheet provided. Accordingly, a discussion of changes in financial condition from the corresponding interim balance sheet date of the preceding fiscal year is only required if the interim balance sheet as of that date is included in the interim financial statements. Thus, only when the registrant believes the discussion is necessary for an understanding of the impact of seasonal fluctuations on financial condition as of an interim date will that period be required in the discussion of financial condition.

In conjunction with this change, the Commission also changed the requirements for the balance sheets which must be included in filings on Form 10-Q. In order to correspond with the focus of the discussion and analysis of financial condition for interim reporting, the Commission has added a requirement to include a balance sheet, which may be condensed, as of the end of the preceding fiscal year.* The requirement to provide an interim balance sheet as of the corresponding date of the prior year has been eliminated except when, in the registrant's opinion, the inclusion of the comparative interim balance sheet is necessary for an understanding of the impact of seasonal fluctuations.

The amendments for management's discussion and analysis of interim financial statements also require registrants to discuss any material changes with respect to results of operations for the most recent interim year-to-date period for which an income statement is provided and the corresponding year-to-date period of the preceding fiscal year. If interim financial statements are required or are otherwise

*Statement on Auditing Standards No. 24, "Review of Interim Financial Information," American Institute of Certified Public Accountants, March 1979.

*Article 10 provides that the balance sheet required as of the end of the preceding fiscal year may be condensed to the same degree as the most recent interim balance sheet provided.

provided in a filing for the most recent fiscal quarter,¹⁰ the registrant must also discuss the material changes in the results of operations with respect to that quarter and the corresponding quarter of the preceding fiscal year. In addition, if a registrant chooses to provide financial statements for a cumulative twelve month period preceding the date of the most recent interim balance sheet provided, material changes in results of operations must also be discussed with respect to that period and the preceding cumulative twelve month period. However, if a registrant provides a cumulative twelve month income statement in a registration statement in place of the interim statements of income otherwise required, as provided for by paragraph (b) of Rule 3-06 of Regulation S-X, the discussion of material changes in results of operations for that period shall be in respect to the preceding fiscal year as opposed to the corresponding preceding period.¹¹

The same items required to be addressed in annual discussions of results of operations must, with the exception of the impact of inflation, also be addressed in discussions of interim periods. This reflects a change from the proposed requirement to discuss the impact of inflation on operations for purposes of interim reporting. Although the Commission believes registrants should strive to provide users of interim reports with information regarding the impact of inflation and changing prices, it also believes that it would be premature to require all registrants to address inflation for interim reporting purposes, particularly in light of the experimental nature of this type of disclosure. Once registrants have had the opportunity to experiment with alternative methods of disclosing the impact of changing prices and once improved reporting standards are developed by the accounting profession, the Commission will reconsider

disclosure obligations for reporting interim results. In the meantime, the Commission encourages registrants to experiment with this type of disclosure but is not imposing a requirement that this area be addressed in interim reports filed with the Commission.

Other changes from those proposed reflected in the adopted management's discussion and analysis provision consist primarily of clarifying rather than substantive changes. For example, proposed Instruction (2) to paragraph (b) of Item 11 was deleted because it was viewed as redundant and thus unnecessary. The list of specific examples of elements of a registrant's income or loss from continuing operations which were contained in proposed Instruction (5) was deleted in order to avoid the possibility that the list could be perceived as a checklist for determining the minimum disclosure required and because specific guidance of a similar character is not included in paragraph (a) of Item 11 for annual periods.

B. Amendments to Form 10-Q

1. Cover Page.

The Commission has adopted a minor technical amendment to the cover page of Form 10-Q which corrects an unnecessary inconsistency with the corresponding Form 10-K cover page requirement. The requirement to indicate the number of shares of each of the issuer's classes of common stock outstanding as of the close of the quarter being reported on has been changed to a requirement to report, as is the case on the cover page of Form 10-K, the number of shares outstanding as of the latest practicable date.

2. Instruction as to Incorporation by Reference.

The structure of Form 10-Q as amended is essentially unchanged. The interim financial information and management's discussion and analysis called for by Part I of the Form could be satisfied, in whole or in part, through incorporation by reference from an informal quarterly report to shareholders containing the required information. The ability to make partial use of an informal report reflects a change from the proposal. A number of commentators believed that the all-or-none formulation of the proposal would needlessly prevent combination of the informal report with the Form 10-Q in cases where shareholders are furnished informal interim reports containing some but not all of the information required by Part I. This change is adopted in view of the Commission's stated intention to facilitate the practice of sending quarterly reports to shareholders by

emphasizing that issuers have the option of incorporating their informal communications into the Form 10-Q. It should be noted that Rule 12b-23(b)(17) (CFR 240.12b-23(b)) already operates to provide that non-financial statement disclosure contained in informal reports to security holders may be incorporated by reference in answer or partial answer to any item of Part II of Form 10-Q.

The Commission believes that it is appropriate at this time to reiterate its support for the recommendation of the Advisory Committee on Corporate Disclosure that companies be encouraged to publish readable, understandable quarterly reports to shareholders which include the information content of a Form 10-Q, and to file these documents with the Commission in satisfaction of Form 10-Q reporting obligations.¹² The Commission believes that companies can reduce their reporting burdens by taking advantage of the option to incorporate by reference to their informal quarterly report in partial or full satisfaction of the requirements of Parts I and II of Form 10-Q. More importantly, use of this option could effect a significant enhancement of the corporate communications system.

3. Status of Information Disclosed in Form 10-Q.

The revised Form 10-Q contains a new Instruction E (Filed Status of Information Presented) which makes explicit whether various information provided in response to the requirements of the form will be deemed filed for the purposes of liability under Section 18 of the Exchange Act. The instruction contains a statement (formerly contained in the instruction on incorporation by reference) that financial information provided in response to Item 1 and Item 2 of Part I will not be deemed filed, pursuant to Rule 13a-13(d) (17 CFR 240.13a-13(d)) and Rule 15d-13(d) (17 CFR 240.15d-13(d)). The instruction goes on to state that this is the case regardless of whether the information is presented directly in the Form 10-Q, is incorporated by reference from an informal report containing the required information, or is in an exhibit to Part I. In addition, the instruction also provides that information provided to satisfy all other requirements of Form 10-Q will be deemed filed for the purpose of Section 18 of the Exchange Act. New Instruction E should eliminate a great deal of confusion in this area by codifying

¹⁰ Only Form 10-Q requires income statements for the most recent fiscal quarter and for the corresponding quarter of the preceding fiscal year in addition to comparative statements for year-to-date periods.

¹¹ Rule 3-06 of Regulation S-X contains instructions to income statement requirements and applies to interim statements in certain registration statements. Paragraph (b) provides that:

(b) If the registrant is engaged primarily (1) in the generation, transmission or distribution of electricity, the manufacture, mixing, transmission or distribution of gas, the supplying or distribution of water, or the furnishing of telephone or telegraph service; or (2) in holding securities of companies engaged in such businesses, it may at its option include statements of income and changes in financial position (which may be unaudited) for the twelve-month period ending on the date of the most recent balance sheet being filed, in lieu of the statements of income and changes in financial position for the interim periods specified.

¹² Report of the Advisory Committee on Corporate Disclosure to the Securities and Exchange Commission, House Committee on Interstate and Foreign Commerce, 95th Cong., 1st Sess. (1977), Committee Print 95-29, at 470-5.

previous interpretations and stating them as an instruction to Form 10-Q.

4. Signature Requirements.

The revised Form 10-Q requires, as proposed, that the filing be signed both by a duly authorized officer of the registrant and by the registrant's principal financial officer or chief accounting officer.¹³ In order to avoid possible confusion as to whether multiple capacity signatures are acceptable, a statement has been added to the provision (Instruction F) as adopted indicating that one signature is sufficient where the registrant's principal financial or accounting officer is also authorized to sign on behalf of the registrant. In such cases, the dual capacities of the person signing must be indicated.

5. Disclosure by Wholly Owned Subsidiaries.

In response to suggestions by a number of commentators, the Commission has determined to make the same relief from certain of the management's discussion and analysis disclosure requirements which is granted to qualifying wholly-owned subsidiaries for reporting on Form 10-K¹⁴ also available for quarterly reporting on Form 10-Q.¹⁵ The Commission believes that it is appropriate at this time to grant consistent treatment to these registrants with respect to discussions of capital resources and liquidity for annual and interim periods.¹⁶

6. Part II Disclosure Requirements.

With the exception of the changes discussed below, Part II of Form 10-Q is amended as proposed.¹⁷ The commentators agreed that former Item 3, Changes in Security for Registered Securities; Item 5, Increase in Amount Outstanding of Securities or Indebtedness; and Item 6, Decrease in Amount Outstanding of Securities or Indebtedness, should be deleted because the information elicited would be contained in footnotes to the financial statements to the extent it is significant and otherwise is not necessary in a quarterly report.

Despite suggestions from a number of commentators that further deletions in the disclosure items required by Part II would be warranted, the Commission believes that the remaining items (Item 1, Legal Proceedings; Item 2, Changes in Securities; Item 3, Defaults upon Senior Securities; Item 4, Submission of Matters to a Vote of Security Holders; Item 5, Other Materially Important Events; and Item 6, Exhibits and Reports on Form 8-K) all elicit disclosure that is both necessary and appropriate in quarterly reporting with the Commission so that this information may be contained in the Exchange Act disclosure system. Accordingly, these items are all required in the amended Form 10-Q adopted today. In order to eliminate any possible duplication, however, a sentence has been added to the instruction to Part II which provides that, if the required information is already disclosed in footnotes to the interim financial statements presented, a separate response need not be made in Part II. In such case, Part II would need to include a statement specifically identifying and incorporating the pertinent information.

Two additional changes are reflected in Part II of the revised Form 10-Q. First, Item 4 (Submission of Matters to a Vote of Security Holders) has been changed in a technical respect by deleting the exhibit provision in Instruction 6. This provision is no longer necessary in view of the amended exhibits requirements in Item 7 of Regulation S-K (see discussion below).

Second, Item 5 (formerly captioned "Other Materially Important Events") has been recaptioned "Other Information" and a new sentence has been added to clarify the Commission's intention that this item may be used to fulfill any or all of the reporting requirements under Form 8-K. As revised, Item 5 permits registrants to reduce reporting burdens by including in a report on Form 10-Q information which would otherwise be required to be reported on Form 8-K. Of course, all Form 8-K timing and substantive disclosure requirements would have to be met by the filing on Form 10-Q in order to avoid the obligation to file a Form 8-K.¹⁸

The Commission received a number of helpful comments regarding Item 1 (Legal Proceedings), particularly as regards the disclosure of environmental proceedings. While no change is being adopted at this time, the staff is currently considering revisions to this

disclosure item as recommended in the *Staff Report on Corporate Accountability*.¹⁹

C. Related Amendments

1. Safe Harbor Rules for Projections.

The Commission is adopting the proposed amendment to the safe harbor rule for forward-looking information, Rule 175 (17 CFR 230.175) under the Securities Act, which makes clear that a projection of the type enumerated by that rule is protected if included or properly reaffirmed in Part I of Form 10-Q.²⁰ This action codifies the staff position which deems Part I "filed" for purposes of the safe-harbor rule even though it is not filed for purposes of Section 18 of the Exchange Act. In addition, the Commission has made a technical amendment to the projections safe-harbor rules to conform the reference to management's discussion and analysis to the new Item 11 of Regulation S-K adopted in September, 1980.²¹

2. Exhibits.

The amendments to Form 10-Q adopted herein have necessitated two conforming amendments to Item 7 (Exhibits) of Regulation S-K.²² First, paragraph (b)(21) has been revised to reflect the fact that the informal report to shareholders now may be used to satisfy not only the financial statement but also the management's discussion requirements of Part I of Form 10-Q.

The other change to Item 7 is the result of the deletion, at the time Item 7 was adopted, of a number of exhibit requirements deemed to be of limited interest. One deleted provision was the requirement to file the text of any proposal or any published report regarding matters submitted to a vote of security holders as an exhibit to reports on Form 10-K and Form 10-Q. This deletion was entirely consistent with the deletion from Form 10-K of the disclosure requirement regarding submission of matters to a vote of security holders and is also appropriate for Form 10-Q insofar as the requirement to file proposals is concerned. Form 10-Q still requires disclosure regarding matters submitted

¹³ This provision corrects an inadvertent deletion made in Securities Act Release No. 5951 (July 28, 1978) (43 FR 33904).

¹⁴ See General Instruction I to Form 10-K.

¹⁵ Instruction G(2)(a) reflects this conforming change.

¹⁶ It should be noted that, in light of the changed focus of management's discussion and analysis from the former summary of operations onto the financial statements themselves, the Commission may reconsider this area, both for annual and interim periods, as it gains experience with the new management's discussion and analysis.

¹⁷ The instruction requesting issuers to advise the staff of their intention to file a registration statement on Form S-16 or S-7 is also deleted as proposed.

¹⁸ The Commission is now studying the provisions of Forms 8-K in order to determine the need for rulemaking in that area; corresponding clarifying language in Form 8-K will be considered as part of that study.

¹⁹ Division of Corporation Finance, Securities and Exchange Commission, printed for use of the Senate Committee on Banking, Housing and Urban Affairs, 96th Cong., 2d. Sess. (September 4, 1980).

²⁰ Similar amendments to Rule 3b-6 (17 CFR 240.3b-6) under the Exchange Act, Rule 103A (17 CFR 250.103A) under the Public Utility Holding Company Act of 1935, and Rule 9-11 (17 CFR 260.9-11) under the Trust Indenture Act of 1939 are also adopted.

²¹ Securities Act Release No. 6231 (September 2, 1980) (45 FR 63630).

²² Securities Act Release No. 6230 (August 27, 1980) (45 FR 58822).

to security holder vote, however, and allows that disclosure obligation to be satisfied by reference to a published report containing the required information. The Commission believes that any such report which is relied on to take the place of Form 10-Q disclosure should be filed as an exhibit to the Form 10-Q report. Accordingly, the amendments to Item 7 are adopted to reflect this determination.

D. Technical Amendment to Regulation S-X

The amendments adopted include a technical amendment to previously adopted Rule 3-12 regarding the age of financial statements at the anticipated effective date of a registration statement or proposed mailing date of a proxy statement. To correct an oversight, paragraph (b) of Rule 3-12 has been amended to make the rules for updating at the effective date of a filing consistent with the rules applicable at the date of filing.

The text of the form and rules is set forth below.

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

1. 17 CFR 249.308a is amended by revising Form 10-Q to read as follows:

§ 249.308a Form 10-Q, for quarterly reports under sections 13 or 15(d) of the Securities Exchange Act of 1934.

Form 10-Q—Securities and Exchange Commission, Washington, D.C.

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended _____
Commission file number _____

(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☐ No ☐

Applicable Only to Issuers Involved in Bankruptcy Proceedings During the Preceding Five Years

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

Applicable Only to Corporate Issuers

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

General Instructions

A. Rule as to Use of Form 10-Q.

1. Form 10-Q shall be used for quarterly reports under Section 13 or 15(d) of the Securities Exchange Act of 1934, filed pursuant to Rule 13a-13 (17 CFR 240.13a-13) or Rule 15d-13 (17 CFR 240.15d-13).

2. A report on this form shall be filed within 45 days after the end of each of the first three fiscal quarters of each fiscal year. No report need be filed for the fourth quarter of any fiscal year.

B. Application of General Rules and Regulations.

1. The General Rules and Regulations under the Act contain certain general requirements which are applicable to reports on any form. These general requirements should be carefully read and observed in the preparation and filing of reports on this form.

2. Particular attention is directed to Regulation 12B which contains general requirements regarding matters such as the kind and size of paper to be used, the legibility of the report, the information to be given whenever the title of securities is required to be stated, and the filing of the report. The definitions contained in Rule 12b-2 (17 CFR 240.12b-2) should be especially noted. See also Regulations 13A and 15D.

C. Preparation of Report.

1. This is not a blank form to be filled in. It is a guide copy to be used in preparing the report in accordance with Rules 12b-11 (17 CFR 240.12b-11) and 12b-12 (17 CFR 240.12b-12). The Commission does not furnish blank copies of this form to be filled in for filing.

2. These general instructions are not to be filed with the report. The instructions to the various captions of the form are also to be omitted from the report as filed.

D. Incorporation by Reference.

1. If the registrant makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or

all of the requirements of Part I of this form, the information called for may be incorporated by reference from such published document or statement, in answer or partial answer to any item or items of Part I of this form, provided copies thereof are filed as an exhibit to Part I of the report on this form.

2. Other information may be incorporated by reference in answer or partial answer to any item or items of Part II of this form in accordance with the provisions of Rule 12b-23 (17 CFR 240.12b-23).

E. Filed Status of Information Presented.

1. Pursuant to Rule 13a-13(d) and Rule 15d-13(d), the information presented in satisfaction of the requirements of Items (1) and (2) of Part I of this form, whether included directly in a report on this form, incorporated therein by reference from a report, document or statement filed as an exhibit to Part I of this form pursuant to Instruction D(1) above, or contained in a statement regarding computation of per share earnings or a letter regarding a change in accounting principles filed as an exhibit to Part I pursuant to Item 7 of Regulation S-K, except as provided by Instruction E(2) below, shall not be deemed filed for the purpose of Section 18 of the Act or otherwise subject to the liabilities of that section of the Act but shall be subject to the other provisions of the Act.

2. Information presented in satisfaction of the requirements of this form other than those of Items (1) and (2) of Part I shall be deemed filed for the purpose of Section 18 of the Act; except that, where information presented in response to Item (1) or (2) of Part I (or as an exhibit thereto) is also used to satisfy Part II requirements through incorporation by reference, only that portion of Part I (or exhibit thereto) consisting of the information required by Part II shall be deemed so filed.

F. Signature and Filing of Report.

Three complete copies of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, and five additional copies which need not include exhibits, shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, shall be filed with each exchange on which any class of securities of the registrant is registered. At least one complete copy of the report filed with the Commission and one such copy filed with each exchange shall be manually signed on the registrant's behalf by a duly authorized officer of the registrant and

by the principal financial or chief accounting officer of the registrant. Copies not manually signed shall bear typed or printed signatures. In the case where the principal financial officer or chief accounting officer is also duly authorized to sign on behalf of the registrant, one signature is acceptable provided that the registrant clearly indicates the dual responsibilities of the signatory.

G. Omission of Information by Certain Wholly-Owned Subsidiaries.

If, on the date of the filing of its report on Form 10-Q, the registrant meets the conditions specified in paragraph (1) below, then such registrant may omit the information called for in the items specified in paragraph (2) below.

1. Conditions for availability of the relief specified in paragraph (2) below:

a. All of the registrant's equity securities are owned, either directly or indirectly, by a single person which is a reporting company under the Act and which has filed all the material required to be filed pursuant to section 13, 14 or 15(d) thereof, as applicable;

b. During the preceding thirty-six calendar months and any subsequent period of days, there has not been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within thirty days, with respect to any indebtedness of the registrant or its subsidiaries, and there has not been any material default in the payment of rentals under material long-term leases; and

c. There is prominently set forth, on the cover page of the Form 10-Q, a statement that the registrant meets the conditions set forth in General Instruction G(1) (a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

2. Registrants meeting the conditions specified in paragraph (1) above are entitled to the following relief:

a. Such registrants may omit the information called for by Item 2 of Part I, Management's Discussion and Analysis of Financial Condition and Results of Operations, provided that the registrant includes in the Form 10-Q a management's narrative analysis of the results of operations explaining the reasons for material changes in the amount of revenue and expense items between the most recent fiscal year-to-date period presented and the corresponding year-to-date period in the preceding fiscal year. Explanations of material changes should include, but not be limited to, changes in the various elements which determine revenue and expense levels such as unit sales volume, prices charged and paid,

production levels, production cost variances, labor costs and discretionary spending programs. In addition, the analysis should include an explanation of the effect of any changes in accounting principles and practices or method of application that have a material effect on net income as reported.

b. Such registrants may omit the information called for in the following Part II Items: Item 2, Changes in Securities; Item 3, Defaults Upon Senior Securities; and Item 4, Submission of Matters to a Vote of Security Holders.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Provide the information required by Rule 10-01 of Regulation S-X (17 CFR Part 210).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Furnish the information required by Item 11(b) of Regulation S-K (17 CFR 229.20).

PART II—OTHER INFORMATION

Instruction. The report shall contain the item numbers and captions of all applicable items of Part II, but the text of such items may be omitted provided the responses clearly indicate the coverage of the item. Any item which is inapplicable or to which the answer is negative may be omitted and no reference thereto need be made in the report. If substantially the same information has been previously reported by the registrant, an additional report of the information on this form need not be made. The term "previously reported" is defined in Rule 12b-2 (17 CFR 240.12b-2). A separate response need not be presented in Part II where information called for is already disclosed in the financial information provided in Part I and is incorporated by reference into Part II of the report by means of a statement to that effect in Part II which specifically identifies the incorporated information.

Item 1. Legal Proceedings

The description of legal proceedings shall include the information required by Item 5 of Regulation S-K (17 CFR 229.20). As to such proceedings which have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the registrant and its subsidiaries.

Instruction. A legal proceeding need only be reported in the 10-Q filed for the

quarter in which it first became a reportable event and in subsequent quarters in which there have been material developments. Subsequent Form 10-Q filings in the same fiscal year in which a legal proceeding or a material development is reported should reference any previous reports in that year.

Item 2. Changes in Securities

(a) If the constituent instruments defining the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved and state briefly the general effect of such modification upon the rights of holders of such securities.

(b) If the rights evidenced by any class of registered securities have been materially limited or qualified by the issuance or modification of any other class of securities, state briefly the general effect of the issuance or modification of such other class of securities upon the rights of the holders of the registered securities.

Instruction. Working capital restrictions and other limitations upon the payment of dividends are to be reported hereunder.

Item 3. Defaults Upon Senior Securities

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the registrant or any of its significant subsidiaries exceeding 5 percent of the total assets of the registrant and its consolidated subsidiaries, identify the indebtedness and state the nature of the default. In the case of such a default in the payment of principal, interest, or a sinking or purchase fund installment, state the amount of the default and the total arrearage on the date of filing this report.

Instruction. This paragraph refers only to events which have become defaults under the governing instruments, i.e., after the expiration of any period of grace and compliance with any notice requirements.

(b) If any material arrearages in the payment of dividends has occurred or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the registrant which is registered or which ranks prior to any class of registered securities, or with respect to any class of preferred stock of any significant subsidiary of the registrant, give the title of the class and state the nature of the arrearage or

delinquency. In the case of an arrearage in the payment of dividends, state the amount and the total arrearage on the date of filing this report.

Instruction. Item 3 need not be answered as to any default or arrearage with respect to any class of securities all of which is held by, or for the account of, the registrant or its totally held subsidiaries.

Item 4. Submission of Matters to a Vote of Security Holders

If any matter has been submitted to a vote of security holders, through the solicitation of proxies or otherwise, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

(c) A brief description of each other matter voted upon at the meeting and state the number of affirmative votes and the number of negative votes cast with respect to each such matter.

(d) A description of the terms of any settlement between the registrant and any other participant (as defined in Rule 14a-11 (17 CFR 240.14a-11) of Regulation 14A under the Act) terminating any solicitation subject to Rule 14a-11, including the cost or anticipated cost to the registrant.

Instructions: 1. If any matter has been submitted to a vote of security holders otherwise than at a meeting of such security holders, corresponding information with respect to such submission shall be furnished. The solicitation of any authorization or consent (other than a proxy to vote at a stockholders' meeting) with respect to any matter shall be deemed a submission of such matter to a vote of security holders within the meaning of this item.

2. Paragraph (a) need be answered only if paragraph (b) or (c) is required to be answered.

3. Paragraph (b) need not be answered if (i) proxies for the meeting were solicited pursuant to Regulation 14 under the Act, (ii) there was not solicitation in opposition to the management's nominees as listed in the proxy statement, and (iii) all of such nominees were elected. If the registrant did not solicit proxies and the board of directors as previously reported to the Commission was re-elected in its entirety, a statement to that effect in answer to paragraph (b) will suffice as an answer thereto.

4. Paragraph (c) need not be answered as to procedural matters or as to the selection or approval of auditors.

5. If the registrant has furnished to its security holders proxy soliciting material containing the information called for by paragraph (d), the paragraph may be answered by reference to the information contained in such material.

6. If the registrant has published a report containing all of the information called for by this item, the item may be answered by a reference to the information contained in such report.

Item 5. Other Information.

The registrant may, at its option, report under this item any information, not previously reported in a report on Form 8-K, with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a report on Form 8-K which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 10-Q.

Item 6. Exhibits and Reports on Form 8-K (17 CFR 249.308)

(a) The exhibits shall be furnished in accordance with the provisions of Item 7 of Regulation S-K (17 CFR 229.20).

(b) Reports on Form 8-K. State whether any reports on Form 8-K have been filed during the quarter for which this report is filed, listing the items reported, any financial statements filed, and the dates of any such reports.

Signatures*

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

(Registrant) _____

Date _____

(Signature)** _____

Date _____

(Signature)** _____

PART 229—STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933 AND SECURITIES EXCHANGE ACT OF 1934—REGULATION S-K

2. Item 7 of § 229.20 is amended as set forth below by adding Item (23) to Table II of paragraph (a), by revising paragraph (b)(21) to read as follows, and by adding new paragraph (b)(23) to read as follows:

*See General Instruction E.

**Print name and title of the signing officer under his signature.

§ 229.20 Information required in documents.

Item 7. Exhibits.

(a) * * *

Table II

Securities Exchange Act of 1934—Frequently Used Forms

	Form 10	8-K	10-Q	10-K
(23) Published report regarding matters submitted to vote of security holders.		X		

b. * * *

(21) *Report furnished to security holders*—If the registrant makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of Form 10-Q, the information called for may be incorporated by reference to such published document or statement provided copies thereof are included as an exhibit to Part I of the report filed.

(23) *Published report regarding matters submitted to vote of security holders*—If the registrant has published a report containing all of the information called for by Item 4 of Part II of Form 10-Q and has referred to that report in lieu of providing disclosure in Form 10-Q, copies of such published report should be filed as an exhibit to the filing on Form 10-Q.

3. The previous entire text of Item 11 § 229.20 is amended by:

a. redesignating the previous entire text as paragraph (a);

b. revising the second sentence of the introductory paragraph to read as follows:

c. redesignating the previous paragraphs (a), (b)(1), (b)(2), (c)(1), (c)(2), (c)(3), and (c)(4) as paragraphs (1), (2)(i), (2)(ii), (3)(i), (3)(ii), (3)(iii), and (3)(iv); and

d. adding a new paragraph (b) to read as follows.

§ 229.20 Information required in documents.

Item 11. Management's Discussion and Analysis of Financial Condition and Results of Operations

(a) * * * The discussion shall provide information as specified in paragraphs (1), (2) and (3) of this section with respect of liquidity, capital resources and results of operations, and should also provide such other information which the registrant believes to be necessary to an understanding of its financial condition, changes in financial condition and results of operations. * * *

(b) If interim financial statements are presented, a management's discussion and analysis of the financial condition and results of operations shall be provided so as to enable the reader to assess material changes in financial condition and results of operations between the periods specified in (1) and (2) below. The discussion and analysis shall include a discussion of material changes in those items specifically listed in paragraph (a) of this Item 11 of Regulation S-K (17 CFR 229.20), except that the impact of inflation and changing prices on operations for interim periods need not be addressed.

(1) Material changes in financial condition.

Discuss any material changes in financial condition from the end of the preceding fiscal year to the date of the most recent interim balance sheet provided. If the interim financial statements include an interim balance sheet as of the corresponding interim date of the preceding fiscal year, any material changes in financial condition from that date to the date of the most recent interim balance sheet provided shall also be discussed. If discussions of changes from both the end and the corresponding interim date of the preceding fiscal year are required, the discussions may be combined at the discretion of the registrant.

(2) Material changes in results of operations.

Discuss any material changes in the registrant's results of operations with respect to the most recent fiscal year-to-date period for which an income statement is provided and the corresponding year-to-date period of the preceding fiscal year. If the registrant is required to or has elected to provide an income statement for the most recent fiscal quarter, such discussion also shall cover material changes with respect to that fiscal quarter and the corresponding fiscal quarter in the preceding fiscal year. In addition, if the registrant has elected to provide an income statement for the twelve month period ended as of

the date of the most recent interim balance sheet provided, the discussion shall also cover material changes with respect to that twelve month period and the twelve month period ended as of the corresponding interim balance sheet date of the preceding fiscal year. Notwithstanding the above, if for purposes of a registration statement a registrant subject to paragraph (b) of § 210.3-06 (Regulation S-X) provides a statement of income for the twelve-month period ended as of the date of the most recent interim balance sheet provided in lieu of the interim income statements otherwise required, the discussion of material changes in that twelve-month period will be in respect to the preceding fiscal year rather than the corresponding preceding period.

Instructions

1. If interim financial statements are presented together with financial statements for full fiscal years, the discussion of the interim financial information shall be prepared pursuant to paragraph (b) and the discussion of the full fiscal year information shall be prepared pursuant to paragraph (a) of this Item 11. Such discussions may be combined.

2. In preparing the discussion and analysis required by this paragraph (b) of Item 11, the registrant may presume that users of the interim financial information have read or have access to the discussion and analysis required by paragraph (a) for the preceding fiscal year.

3. The discussion and analysis required by this paragraph (b) is required to focus only on material changes. Where the interim financial statements reveal material changes from period to period in one or more significant line items, the causes for the changes should be described if they have not already been disclosed; *provided, however*, if the causes for a change in one line item also relate to other line items, no repetition is required. Registrants need not recite the amounts of changes from period to period which are readily computable from the financial statements. The discussion should not merely repeat numerical data contained in the financial statements. The information provided should include that which is available to the registrant without undue effort or expense and which does not clearly appear in the registrant's interim financial statements.

4. The registrant's discussion of material changes in results of operations should identify any significant elements of the registrant's income or loss from continuing operations which do not arise

from or are not necessarily representative of the registrant's ongoing business.

5. The registrant should discuss any seasonal aspects of its business which have had a material effect upon its financial condition or results of operation.

6. Registrants are encouraged but are not required to discuss forward looking information.

PART 210—FORM AND CONTENT OF AND REQUIREMENTS FOR FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, INVESTMENT COMPANY ACT OF 1940, AND ENERGY POLICY AND CONSERVATION ACT OF 1975

4. A new § 210.10-01 (Interim financial statements) is added as set forth below. The present § 210.10-01 (Financial statements of natural persons) is amended by redesignating it as § 210.3-17 and revising it to read as set forth below.

§ 210.10-01 Interim financial statements.

(a) *Condensed statements.* Interim financial statements shall follow the general form and content of presentation prescribed by the other sections of this Regulation with the following exceptions:

(1) Interim financial statements required by this rule need only be provided as to the registrant and its subsidiaries consolidated and may be unaudited. Separate statements of other entities which may otherwise be required by this regulation may be omitted.

(2) Interim balance sheets shall include only major captions (i.e., numbered captions) prescribed by the applicable sections of this Regulation with the exception of inventories. Data as to raw materials, work in process and finished goods inventories shall be included either on the face of the balance sheet or in the notes to the financial statements, if applicable. Where any major balance sheet caption is less than 10% of total assets, and the amount in the caption has not increased or decreased by more than 25% since the end of the preceding fiscal year, the caption may be combined with others.

(3) Interim statements of income shall also include major captions prescribed by the applicable sections of this Regulation. When any major income statement caption is less than 15% of average net income for the most recent three fiscal years and the amount in the

caption has not increased or decreased by more than 20% as compared to the corresponding interim period of the preceding fiscal year, the caption may be combined with others. In calculating average net income, loss years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test. Notwithstanding these tests, Rule 4-02 of Regulation S-X applies and de minimis amounts therefore need not be shown separately.

(4) The statement of changes in financial position may be abbreviated, starting with a single figure of funds provided by operations and showing other changes individually only when they exceed 10% of the average of funds provided by operations for the most recent three years. Notwithstanding this test, Rule 4-02 of Regulation S-X applies and de minimis amounts therefore need not be shown separately.

(5) The interim financial information shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient so as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies, may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, and detailed disclosures prescribed by Rule 4-08 of this Regulation, may be omitted. However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the registrant. Disclosures should encompass for example, significant changes since the end of the most recently completed fiscal year in such items as: accounting principles and practices; estimates inherent in the preparation of financial statements; status of long-term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business

combinations or dispositions. Notwithstanding the above, where material contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.

(6) Detailed schedules otherwise required by this Regulation may be omitted for purposes of preparing interim financial statements.

(b) *Other instructions as to content.* The following additional instructions shall be applicable for purposes of preparing interim financial statements:

(1) Summarized income statement information shall be given separately as to each subsidiary not consolidated or 50 percent or less owned persons or as to each group of such subsidiaries or fifty percent or less owned persons for which separate individual or group statements would otherwise be required for annual periods. Such summarized information, however, need not be furnished for any such unconsolidated subsidiary or person which would not be required pursuant to Rule 13a-13 or 15d-13 to file quarterly financial information with the Commission if it were a registrant.

(2) If appropriate, the income statement shall show earnings per share and dividends per share applicable to common stock and the basis of the earnings per share computation shall be stated together with the number of shares used in the computation. The registrant shall file as an exhibit (in accordance with the provisions of Item 7 of Regulation S-K, 17 CFR 229.20), a statement setting forth in reasonable detail the computation of per share earnings, unless the computation is otherwise clearly set forth in the report.

(3) If, during the most recent interim period presented, the registrant or any of its consolidated subsidiaries entered into a business combination treated for accounting purposes as a pooling of interests, the interim financial statements for both the current year and the preceding year shall reflect the combined results of the pooled businesses. Supplemental disclosure of the separate results of the combined entities for periods prior to the combination shall be given, with appropriate explanations.

(4) Where a material business combination accounted for as a purchase has occurred during the current fiscal year, pro forma disclosure shall be made of the results of operations for the current year up to the date of the most recent interim balance sheet provided (and for the corresponding period in the preceding year) as though the companies had combined at the beginning of the period

being reported on. This pro forma information should as a minimum show revenue, income before extraordinary items and the cumulative effect of accounting changes, including such income on a per share basis, and net income and net income per share.

(5) Where the registrant has disposed of any significant segment of its business (as defined in paragraph 13 of Accounting Principles Board Opinion No. 30) during any of the periods covered by the interim financial statements, the effect thereof on revenues and net income—total and per share—for all periods shall be disclosed.

(6) In addition to meeting the reporting requirements specified by existing standards for accounting changes, the registrant shall state the date of any material accounting change and the reasons for making it. In addition, for filings on Form 10-Q, a letter from the registrant's independent accountant shall be filed as an exhibit (in accordance with the provisions of Item 7 of Regulation S-K, 17 CFR 229.20) in the first Form 10-Q subsequent to the date of an accounting change indicating whether or not the change is to an alternative principle which in his judgment is preferable under the circumstances; except that no letter from the accountant need be filed when the change is made in response to a standard adopted by the Financial Accounting Standards Board which requires such change.

(7) Any material retroactive prior period adjustment made during any period covered by the interim financial statements shall be disclosed, together with the effect thereof upon net income—total and per share—of any prior period included and upon the balance of retained earnings. If results of operations for any period presented have been adjusted retroactively by such an item subsequent to the initial reporting of such period, similar disclosure of the effect of the change shall be made.

(8) The interim financial statements furnished shall reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. A statement to that effect shall be included. Such adjustments shall include, for example, appropriate estimated provisions for bonus and profit sharing arrangements normally determined or settled at year-end.

(c) *Periods to be covered.* The periods for which interim financial statements are to be provided in registration statements are prescribed elsewhere in this Regulation (see §§ 210.3-01 and 3-

02). For filings on Form 10-Q, financial statements shall be provided as set forth below:

(1) An interim balance sheet as of the end of the most recent fiscal quarter and a balance sheet as of the end of the preceding fiscal year shall be provided. The balance sheet as of the end of the preceding fiscal year may be condensed to the same degree as the interim balance sheet provided. An interim balance sheet as of the end of the corresponding fiscal quarter of the preceding fiscal year need not be provided unless necessary for an understanding of the impact of seasonal fluctuations on the registrant's financial condition.

(2) Interim statements of income shall be provided for the most recent fiscal quarter, for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter, and for the corresponding periods of the preceding fiscal year. Such statements may also be presented for the cumulative twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period.

(3) Interim statements of changes in financial position shall be provided for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter, and for the corresponding period of the preceding fiscal year. Such statements may also be presented for the cumulative twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period.

(4) Registrants engaged in seasonal production and sale of a single-crop agricultural commodity may provide interim statements of income and changes in financial position for the twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period in lieu of the year-to-date statements specified in (2) and (3) above.

(d) *Review by independent public accountant.* The interim financial information included in filings with the Commission need not be reviewed by an independent public accountant prior to filing. If, however, a review of the data is made in accordance with established professional standards and procedures for such a review, the registrant may state that the independent accountant has performed such a review. If such a statement is made, the report of the independent accountant on such review shall accompany the interim financial information.

(e) *Filing of other interim financial information in certain cases.* The Commission may, upon the informal written request of the registrant, and

where consistent with the protection of investors, permit the omission of any of the interim financial information herein required or the filing in substitution thereof of appropriate information of comparable character. The Commission may also by informal written notice require the filing of other information in addition to, or in substitution for, the interim information herein required in any case where such information is necessary or appropriate for an adequate presentation of the financial condition of any person for which interim financial information is required, or whose financial information is otherwise necessary for the protection of investors.

§ 210.3-17 Financial statements of natural persons.

(a) In lieu of the financial statements otherwise required, a natural person may file an unaudited balance sheet as of a date within 90 days of date of filing and unaudited statements of income for each of the three most recent fiscal years.

(b) Financial statements conforming with the instructions as to financial statements of subsidiaries not consolidated and 50 percent or less owned persons under § 210.3-09(a)(1) shall be separately presented for: (1) each business owned as a sole proprietor, (2) each partnership, business trust, unincorporated association, or similar business organization of which the person holds a controlling interest and (3) each corporation of which the person, directly or indirectly, owns securities representing more than 50 percent of the voting power.

(c) Separate financial statements may be omitted, however, for each corporation, business trust, unincorporated association, or similar business organization if the person's total investment in such entity does not exceed 5 percent of his total assets and the person's total income from such entity does not exceed 5 percent of his gross income; *Provided*, that the person's aggregate investment in and income from all such omitted entities shall not exceed 15 percent of his total assets and gross income, respectively.

5. Paragraph (f) of § 210.3-01, paragraph (b) of § 210.3-02 and paragraphs (a) and (b) of § 210.3-12 are revised to read as set forth below.

§ 210.3-01 Consolidated balance sheets.

(f) Any interim balance sheet provided in accordance with the requirements of this section may be unaudited and need not be presented in

greater detail than is required by § 210.10-01. Notwithstanding the requirements of this section, the most recent interim balance sheet included in a filing shall be at least as current as the most recent balance sheet filed with the Commission on Form 10-Q.

§ 210.3-02 Consolidated statements of income and changes in financial position.

(b) In addition, for any interim period between the latest audited balance sheet and the date of the most recent interim balance sheet being filed, and for the corresponding period of the preceding fiscal year, statements of income and changes in financial position shall be provided. Such interim financial statements may be unaudited and need not be presented in greater detail than is required by § 210.10-01.

§ 210.3-12 Age of financial statements at effective date of registration statement or at mailing date of proxy statement.

(a) If the financial statements in a filing are as of a date 135 days or more prior to the date the filing is expected to become effective or proposed mailing date in the case of a proxy statement, the financial statements shall be updated, except as specified in the following paragraphs, with a balance sheet as of an interim date within 135 days and with statements of income and changes in financial position for the interim period between the end of the most recent fiscal year and the date of the interim balance sheet provided and for the corresponding period of the preceding fiscal year. Such interim financial statements may be unaudited and need not be presented in greater detail than is required by § 210.10-01. Notwithstanding the above requirements, the most recent interim financial statements shall be at least as current as the most recent financial statements filed with the Commission on Form 10-Q.

(b) Where the anticipated effective date of a filing, or in the case of a proxy statement the proposed mailing date, falls within 90 days subsequent to the end of the fiscal year, the filing need not include financial statements more current than as of the end of the third fiscal quarter of the most recently completed fiscal year unless the audited financial statements for such fiscal year are available or unless the anticipated effective date or proposed mailing date falls after 45 days subsequent to the end of the fiscal year and the registrant does not meet the conditions prescribed under paragraph (c) of § 210.3-01. If the anticipated effective date or proposed mailing date falls after 45 days

subsequent to the end of the fiscal year and the registrant does not meet the conditions prescribed under paragraph (c) of § 210.3-01, the filing must include audited financial statements for the most recently completed fiscal year.

PART 230.—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

6. In § 230.175 paragraphs (b) and (c)(3) are revised to read as follows:

§ 230.175 Liability for forward-looking statements by issuers.

(b) This rule applies to: (1) a forward-looking statement (as defined in paragraph (c) below) made in a document filed with the Commission, in Part I of a quarterly report on Form 10-Q, 17 CFR 249.308a, or in an annual report to shareholders meeting the requirements of Rules 14a-3 (b) and (c) or 14c-3 (a) and (b) under the Securities Exchange Act of 1934, (2) a statement reaffirming the forward-looking statement referred to in (b)(1) subsequent to the date the document was filed or the annual report was made publicly available, or (3) a forward-looking statement made prior to the date the document was filed, or the date the annual report was made publicly available if such forward-looking statement is reaffirmed in a filed document, Part I of a Form 10-Q, or annual report made publicly available within a reasonable time after the making of such forward-looking statement.

(c) * * *

(3) A statement of future economic performance contained in management's discussion and analysis of financial condition and results of operations pursuant to Item 11 of Regulation S-K, 17 CFR 229.20; or

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

7. In Section 240.3b-6 paragraphs (b) and (c)(3) are revised to read as follows:

§ 240.3b-6 Projections of future economic performance by issuers.

(b) This rule applies to: (1) a forward-looking statement (as defined in paragraph (c) below) made in a document filed with the Commission, in Part I of a quarterly report on Form 10-Q, 17 CFR 249.308a, or in an annual report to shareholders meeting the

requirements of Rules 14a-3 (b) and (c) or 14c-3 (a) and (b) under the Securities Exchange Act of 1934, (2) a statement reaffirming the forward-looking statement referred to in (b)(1) subsequent to the date the document was filed or the annual report was made publicly available, or (3) a forward-looking statement made prior to the date the document was filed or the date the annual report was made publicly available if such forward-looking statement is reaffirmed in a filed document or annual report made publicly available within a reasonable time after the making of such forward-looking statement.

(c) * * *

(3) A statement of future economic performance contained in management's discussion and analysis of financial condition and results of operations pursuant to Item 11 of Regulation S-K, 17 CFR 229.20; or

PART 250.—GENERAL RULES AND REGULATIONS, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

8. In § 250.103A paragraphs (b) and (c)(3) are revised to read as follows:

§ 250.103A Projections of future economic performance by issuers.

(b) This rule applies to: (1) forward-looking statement (as defined in paragraph (c) of this section) made in a document filed with the Commission, in Part I of a quarterly report on Form 10-Q, 17 CFR 249.308a, or in an annual report to shareholders meeting the requirements of Rules 14a-3 (b) and (c) or 14c-3 (a) and (b) under the Securities Exchange Act of 1934, (2) a statement reaffirming the forward-looking statement referred to in (b)(1) of this section subsequent to the date the document was filed or the annual report was made publicly available, or (3) a forward-looking statement made prior to the date the document was filed or the date the annual report was made publicly available if such forward-looking statement is reaffirmed in a filed document or annual report made publicly available within a reasonable time after the making of such forward-looking statement.

(c) * * *

(3) A statement of future economic performance contained in management's discussion and analysis of financial condition and results of operations

pursuant to Item 11 of Regulation S-K, 17 CFR 229.20; or

PART 260.—GENERAL RULES AND REGULATIONS, TRUST INDENTURE ACT OF 1939

9. In § 260.0-11 paragraphs (b) and (c)(3) are revised to read as follows:

§ 260.0-11 Projections of future economic performance by issuers.

(b) This rule applies to: (1) a forward-looking statement (as defined in paragraph (c) of this section) made in a document filed with the Commission, in Part I of a quarterly report on Form 10-Q, 17 CFR 249.308a, or in an annual report to shareholders meeting the requirements of Rules 14a-3 (b) and (c) or 14c-3 (a) and (b) under the Securities Exchange Act of 1934, (2) a statement reaffirming the forward-looking statement referred to in (b)(1) subsequent to the date the document was filed or the annual report was made publicly available, or (3) a forward-looking statement made prior to the date the document was filed or the date the annual report was made publicly available if such forward-looking statement is reaffirmed in a filed document or annual report made publicly available within a reasonable time after the making of such forward-looking statement.

(c) * * *

(3) A statement of future economic performance contained in management's discussion and analysis of financial condition and results of operations pursuant to Item 11 of Regulation S-K, 17 CFR 229.20; or

(Secs. 6, 7, 10, 19(a), 48 Stat. 78, 81, 85; secs. 205, 209, 48 Stat. 906, 908; sec. 8, 68 Stat. 658; sec. 1, 79 Stat. 1051. Secs. 13, 15(d), 23(a), 48 Stat. 894, 895, 901; sec. 203(a), 49 Stat. 704; secs. 3, 8, 49 Stat. 1377, 1379; secs. 4, 6, 78 Stat. 469, 570-574; sec. 2, 82 Stat. 454; secs. 1, 2, 84 Stat. 1497; secs. 10, 18, 89 Stat. 119, 155; sec. 308(b), 90 Stat. 57; secs. 202, 203, 204, 91 Stat. 1494, 1698, 1499, 1500; sec. 20(a), 49 Stat. 833; sec. 319(a), 53 Stat. 1149, 15 U.S.C. 77f, 77g, 77j, 77s(a), 78m, 78o(d), 78w(a), 79f, 77ann(a))

Procedural Matters

With respect to the technical amendment to Rule 3-12(b) of Regulation S-X (17 CFR 210.3-12(b)), as required by Section 23(a) of the Exchange Act (15 U.S.C. 78w), the Commission has considered the impact that such technical amendment would have on competition and has concluded that such amendment would not impose any burden on competition. Further, the

Commission believes that it is appropriate to adopt the amendment effective immediately in order to achieve the purpose intended in the rule changes adopted September 2, 1980.²³ Accordingly, pursuant to Section 553(b) of the Administrative Procedure Act ("APA") (5 U.S.C. 553(b)), the Commission for good cause finds that notice and opportunity for public comment at this time is impracticable, unnecessary and contrary to the public interest.

Authority

The Commission hereby adopts the foregoing amendments pursuant to Sections 6, 7, 8, and 19(a) of the Securities Act of 1933 and Sections 12, 13, 15(d) and 23(a) of the Securities Exchange Act of 1934. The amendment to the safe harbor rules for projections is also adopted pursuant to Section 20 of the Public Utility Holding Company Act of 1935 (15 U.S.C. 79t) and Section 319(a) under the Trust Indenture Act of 1934 (15 U.S.C. 77nnn(c)).

By the Commission.

George A. Fitzsimmons,
Secretary.

February 9, 1981.

[FR Doc. 81-5310 Filed 2-13-81; 8:45 am]

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DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 4

[Reference T.D. ATF-76]

Standards of Fill for Wine; Deferral of Effective Date

AGENCY: Bureau of Alcohol, Tobacco and Firearms, Treasury.

ACTION: Deferral of final rule effective date.

SUMMARY: On January 29, 1981, the President issued a memorandum to certain agency heads directing that they issue a notice in the *Federal Register* postponing for 60 days after January 29, 1981, the effective date of regulations that had already been issued but were scheduled to become effective in the next 60 days. This amendment which is consistent with the President's directive postpones the effective date concerning the Standards of Fill for Wine (46 FR 1725) final rule from February 6, 1981, to March 30, 1981.

EFFECTIVE DATE: February 6, 1981. New effective date is March 30, 1981.

FOR FURTHER INFORMATION CONTACT:

Charles N. Bacon, Research and Regulations Branch, Bureau of Alcohol, Tobacco and Firearms, Washington, DC, 20226, Telephone 202-566-7626.

SUPPLEMENTARY INFORMATION:

On January 29, 1981, the President issued a memorandum to certain agency heads directing them to publish a notice in the *Federal Register* postponing for 60 days, after January 29, 1981, the effective date of regulations that had been promulgated in final form and that were scheduled to become effective during that 60-day period. The Standards of Fill for Wine regulations fall within the scope of the President's memorandum.

The President stated in his memorandum that among his priorities as President is the establishment of a new regulatory oversight program which will lead to less burdensome and more rational Federal regulations. The President further indicated that this program is especially important because of the Nation's economic climate. In order to give the Administration, through the Task Force on Regulatory Relief, sufficient time to implement this process, and to subject to full and appropriate review many recent regulations that would increase rather than relieve the current burden of regulation, the President directed the postponement of pending regulations.

Consistent with this review, the Department is by this notice postponing for 60 days the effective date of the Standards of Fill for Wine regulations. The Department realizes that the postponement of these pending regulations may not be viewed by certain persons to be in their best interest. However, for a new Department head to comply effectively with the President's directive, some time is needed for adequate review. Sixty days is the minimum period to accomplish such a review. For these reasons, and because this rule would have become effective on February 6, 1981, additional notice and public procedure on this delay of effective date is impracticable, unnecessary and contrary to the public interest, and good cause exists for making these changes effective immediately.

G. R. Dickerson,

Director.

Approved: February 11, 1981.

John R. Simpson,

Acting Assistant Secretary (Enforcement and Operations).

[FR Doc. 81-5382 Filed 2-13-81; 11:30 am]

BILLING CODE 4810-31-M

27 CFR Part 9

[Reference T.D. ATF-79]

Napa Valley Viticultural Area; Deferral of Effective Date

AGENCY: Bureau of Alcohol, Tobacco and Firearms, Treasury.

ACTION: Deferral of final rule effective date.

SUMMARY: On January 29, 1981, the President issued a memorandum to certain agency heads directing that they issue a notice in the *Federal Register* postponing for 60 days after January 29, 1981, the effective date of regulations that had already been issued but were scheduled to become effective in the next 60 days. This amendment which is consistent with the President's directive postpones the effective date concerning the Napa Valley Viticultural Area final rule (46 FR 9061) from February 27, 1981, to March 30, 1981.

EFFECTIVE DATE: February 27, 1981. New effective date is March 30, 1981.

FOR FURTHER INFORMATION CONTACT:

Thomas Minton, Research and Regulations Branch, Bureau of Alcohol, Tobacco and Firearms, Washington, D.C. 20226, Telephone 202-566-7626.

SUPPLEMENTARY INFORMATION:

On January 29, 1981, the President issued a memorandum to certain agency heads directing them to publish a notice in the *Federal Register* postponing for 60 days, after January 29, 1981, the effective date of regulations that had been promulgated in final form and that were scheduled to become effective during that 60-day period. The Napa Valley Viticultural Area regulations fall within the scope of the President's memorandum.

The President stated in his memorandum that among his priorities as President is the establishment of a new regulatory oversight program which will lead to less burdensome and more rational Federal regulations. The President further indicated that this program is especially important because of the Nation's economic climate. In order to give the Administration, through the Task Force on Regulatory Relief, sufficient time to implement this process, and to subject to full and appropriate review many recent regulations that would increase rather than relieve the current burden of regulation, the President directed the postponement of pending regulations.

Consistent with this review, the Department is by this notice postponing for 60 days the effective date of the

²³ Securities Act Release No. 6234.