Avenue, SW., Washington, D.C. 20591; telephone: (202) 426–8783.

SUPPLEMENTARY INFORMATION:

History

Federal Register Document 82–18549 was published on July 12, 1982, (47 FR 30052) which reconfigured the Las Vegas, NV, Group II TCA to provide greater flexibility to aircraft wishing to avoid the TCA and ensure that turbine-powered aircraft operations are wholly contained within TCA airspace. Errors were noticed in the final rule describing "Area G" and this action corrects those errors.

List of Subjects

14 CFR Part 71

Terminal control areas.

Adoption of the Correction

Accordingly, pursuant to the authority delegated to me, **Federal Register** Document 82–18549 as published in the **Federal Register** on July 12, 1982, is corrected as follows:

Las Vegas, NV, Terminal Control Area [Corrected]

Area G. That airspace extending upward from 5,000 feet MSL to and including 9,000 feet MSL within an area bounded by a line beginning at the 10-mile DME point on the Las Vegas 115° radial; thence clockwise along the 10-mile radius arc to, and south along, the Las Vegas 185° radial to, and clockwise along, the 15-mile radius arc to, and northeasterly along, the Las Vegas 235° radial to, and clockwise along, the 10-mile radius arc to, and easterly along, the Las Vegas 295° radial to, and counterclockwise along, the 8-mile radius arc, to, and northerly along, the Las Vegas 180° radial to lat. 36°00'04" N., long. 115°09'32" W., and clockwise along, the 2-mile radius arc to Sky Harbor Airport to, and easterly along, a line direct to the point of beginning.

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

Note.—The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Issued in Washington, D.C., on November 15, 1982.

R. J. Vanvuren,

Director, Air Traffic Service.

[FR Doc. 82-32122 Filed 11-24-82; 8:45 am]

BILLING CODE 4910-13-M

14 CFR Part 71

[Airspace Docket No. 82-ASW-63]

Transition Areas; Designation; Caldwell, Tex.

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment will designate a transition area at Caldwell, Tex. The intended effect of the amendment is to provide controlled airspace for aircraft executing a new instrument approach procedure to the Caldwell Airport. This amendment is necessary to provide protection for aircraft executing a standard instrument approach procedure (SIAP) using the College Station VORTAC. Coincident with this action, the airport is changed from visual flight rules (VFR) to instrument flight rules (IFR).

DATES: *Effective Date:* February 17, 1983.

FOR FURTHER INFORMATION CONTACT: Kenneth L. Stephenson, Airspace and Procedures Branch (ASW–535), Air Traffic Division, Southwest Region, Federal Aviation Administration, P.O. Box 1689, Fort Worth, TX 76101, telephone (817) 624–4911, extension 302.

SUPPLEMENTARY INFORMATION:

History

On September 23, 1982, a notice of proposed rulemaking was published in the **Federal Register** (47 FR 41986) stating that the Federal Aviation Administration proposed to designate the Caldwell, TX, transition area. Interested persons were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the Federal Aviation Administration. Comments were received without objections. Except for editorial changes, this amendment is that proposed in the notice.

List of Subjects in 14 CFR Part 71

Control zones and/or transition areas.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, by the Administrator, Subpart G of Part 71, § 71.181 of the Federal Aviation Regulations (14 CFR Part 71) as republished in Advisory Circular AC 70–3 dated January 29, 1982, is amended, effective 0901 GMT, February 17, 1983, as follows:

Caldwell, TX New

That airspace extending upward from 700 feet above the surface within a 5-mile radius of the Caldwell Municipal Airport (latitude 30°31'12" N., longitude 96°42'13" W.).

(Sec. 307(a), Federal Aviation Act of 1958, as amended (49 U.S.C. 1348(a)); sec. 6(c), Department of Transportation Act (49 U.S.C. 1655(c)); and 14 CFR 11.61(c).)

Note.—The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 1103; February 26, 1979); (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal; and (4) it is certified that the rule will not have a significant economic impact on a substantial number of small entities as the anticipated impact is minimal.

Issued in Fort Worth, Tex., on November 12, 1982.

F. E. Whitfield,

Acting Director, Southwest Region.

[FR Doc. 82-32045 Filed 11-24-82; 8:45 am]

BILLING CODE 4910-13-M

FEDERAL TRADE COMMISSION

16 CFR Part 13

[Docket C-2162]

H & R Block, Inc.; Prohibited Trade Practices, and Affirmative Corrective Actions

AGENCY: Federal Trade Commission.

ACTION: Modifying Order.

SUMMARY: This order reopens the proceeding and modifies Paragraphs 5 and 6 of the Commission's order issued on March 1, 1972 (37 FR 6663), by substituting a new paragraph 5, so as to make the order's provisions consistent with federal tax laws. Section 7216 of the Internal Revenue Code provides a comprehensive scheme for regulating the use by tax preparers of information obtained from customers, and the Commission believes that this scheme is adequate to prevent the misuse of confidential information by petitioner in the future.

DATES: Consent Order issued March 1, 1972. Modifying Order issued Nov. 2, 1982.

FOR FURTHER INFORMATION CONTACT: FTC/PC, Lewis Franke, Washington, D.C. 20580, (202) 376–2891.

SUPPLEMENTARY INFORMATION: In the Matter of H & R Block, Inc., a corporation. Codification appearing at 37 FR 6663 remains unchanged.

List of Subjects in 16 CFR Part 13

Tax return preparation service.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45)

Commissioners: James C. Miller III, Chairman, David A. Clanton, Michael Pertschuk, Patricia P. Bailey.

In the matter of H & R Block, Inc., a corporation, Docket No. C-2162.

Order Reopening the Proceeding and Granting Request To Modify Order

On January 22, 1982, H & R Block Inc., the petitioner, filed a Request to Reopen Proceedings under Section 2.51 of the Commission's Rules of Practice. Block sought to set aside paragraphs 5 and 6 of a March 1, 1972, order against the company. On June 8, 1982, Block filed a Supplement to Modification of Request to Reopen Proceedings, seeking modification of the Order paragraphs instead of their elimination. The Order paragraphs prohibit Block from using information obtained from a customer for any purpose other than the preparation of tax returns unless, prior to obtaining any information from the customer, Block obtains the customer's written consent. The consent form used must disclose: (1) The exact information to be used, (2) the particular use to be made of such information, (3) and a description of the parties or entities to whom the informatiion may be made available.

The petitioner contends that enactment of Section 7216 of the Internal Revenue Code, 26 U.S.C. 7216, on December 10, 1971, effective January 1, 1972, and adoption by the Internal Revenue Service of regulations 301.7216-1 through 301.7216-3 on March 24, 1974, constitute a change of the law warranting reopening the proceeding and modifying paragraphs 5 and 6 of the Commission's Order. Regulation 301.7216-3 reads in pertinent parts:

Disclosure or use only with formal consent of taxpayer.—(a) Written consent to use or disclosure—(1) Solicitation of other business. (i) If a tax return preparer has obtained from the taxpayer a consent described in paragraph (b) of this section, he may use the tax return information of such taxpayer to solicit from the taxpayer any additional current business, in matters not related to the Internal Revenue Service, which the tax return preparer provides and offers to the public. The request for such consent may not be made later than the time the taxpayer receives his completed tax return from the tax return preparer. If the request is not granted, no follow up request may be made. This authorization to use tax return information of the taxpayer does not apply, however, for purposes of facilitating the solicitation of the taxpayer's use of any services or facilities furnished by a person other than the tax return preparer, unless such other person and the tax return preparer are members of the same affiliated group within the meaning of section 1504. Thus, for example, the authorization would not apply if the person is a corporation which is owned or controlled directly or indirectly by the same interests which own or control the tax return preparer but which is not affiliated with the tax return preparer within the meaning of section 1504(a). Moreover, this authorization does not apply for purposes of facilitating the solicitation of additional business to be furnished at some indefinite time in the future, as, for example, the future sale of mutual fund shares or life insurance, or the furnishing of future credit card services. It is not necessary, however, that the additional business be furnished in the same locality in which the tax return information is furnished.

* * * * *

(2) Permissible disclosures to third parties. If a tax return preparer has obtained from a taxpayer a consent described in paragraph (b) of this section, he may disclose the tax return information of such taxpayer to such third persons as the taxpayer may direct. However, see § 301.7216-2 for certain permissible disclosures without formal written consent.

* * * * *

(b) Form of consent. A separate written consent, signed by the taxpayer or his duly authorized agent or fiduciary, must be obtained for each separate use or disclosure authorized in paragraph (a) (1), (2), or (3) of this section and shall contain—

(1) The name of the tax return preparer,

(2) The name of the taxpayer,

(3) The purpose for which the consent is being furnished,

(4) The date on which such consent is signed,

(5) A statement that the tax return information may not be disclosed or used by the tax return preparer for any purpose (not otherwise permitted under § 301.7216-2) other than that stated in the consent, and

(6) A statement by the taxpayer, or his agent or fiduciary, that he consents to the disclosure or use of such information for the purpose described in paragraph (b)(3) of this section.

The Commission has considered these developments and concluded that the public interest warrants its reopening the proceeding and modifying the order substantially as requested by petitioner. Section 7216 of the Code and the regulations promulgated thereunder constitute a comprehensive scheme for regulating the use by tax preparers of information obtained from customers. The Commission believes that this scheme is adequate to prevent the misuse of confidential information by petitioner in the future. The additional requirements of the Commission's Order, which mandate more disclosures and require that consent be obtained earlier from the customer, are not inconsistent with the regulatory scheme. However, they do impose an additional burden on respondent that the Commission has concluded is unnecessary. Accordingly,

It Is Ordered that paragraphs 5 and 6 of the Order be modified by the substitution of the following new paragraph:

5. Using or disclosing any information concerning any customer of respondent, including the name and address of the customer, obtained as a result of the preparation of the customer's tax return, for any purpose which is not essential or necessary to the preparation of said tax return, except as specifically authorized by Section 7216 of the Internal Revenue Code and the regulations promulgated thereunder or by future amendments thereto.

By direction of the Commission.

Issued: November 2, 1982.

Carol M. Thomas,

Secretary.

[FR Doc. 82-32463 Filed 11-24-82; 8:45 am]

BILLING CODE 6750-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release Nos. 33-6436; 34-19257; 35-22716; IC-12826; FR-6]

Interpretive Release About Disclosure Considerations Relating to Foreign Operations and Foreign Currency Translation Effects

AGENCY: Securities and Exchange Commission.

ACTION: Interpretation.

SUMMARY: In this release the Commission suggests that information as to the nature of a registrant's foreign operations gained as a result of implementing a new accounting standard for foreign currency translation issued by the Financial Accounting Standards Board ("FASB") could, in many cases, be used to develop improved disclosures relating to foreign operations and foreign currency translation effects. Therefore, the Commission encourages voluntary experimentation with meaningful disclosures in this regard. The release also addresses disclosure considerations related to the new standard's transition provisions.

FOR FURTHER INFORMATION CONTACT: Robert K. Herdman (202-272-2141) or Edmund Coulson (202-272-2130), Office of the Chief Accountant, or Howard P. Hodges (202-272-2553), Division of Corporation Finance, Securities and Exchange Commission, 450 5th Street, NW., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

Background and Discussion

As a result of considerable controversy and criticism related to its Statement of Financial Accounting Standards ("SFAS") No. 8, "Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements," the FASB, in January 1979, added a project to its agenda to reconsider accounting for foreign currency translation. That project turned out to be the most complex and controversial issue faced by the FASB to date. In December 1981, after almost three years of extensive proceedings, the FASB issued SFAS No. 52, "Foreign Currency Translation," which replaces SFAS No. 8. The new standard is effective for fiscal years beginning on or after December 15, 1982, although earlier application is encouraged. In fact, many companies adopted the standard for their 1981 financial statements and many more are expected to do so in 1982.

SFAS No. 52 embraces a methodology different from that of the previous standard and may significantly impact multinational corporations. SFAS No. 52 is also significant in that it represents a very broad, rather then a prescriptive, standard. It sets forth objectives and provides guidelines to be used by managements in meeting those objectives. The standard is designed to (1) provide information that is generally compatible with the expected economic effects of a rate change on an enterprise's cash flows and equity and (2) reflect in consolidated statements the financial results and relationships as measured in the primary currencies in which the individual entities conduct their businesses (i.e., the "functional currencies").[1]

The standard requires the exercise of management judgment in assessing the facts and circumstances of particular situations and applying the guidelines to those facts and circumstances. The principal determination involves the selection of the appropriate functional currency for each of a company's foreign operations.[2] The functional currency guidelines provided by the standard address indicators of the foreign operations' cash flows, sales prices and markets, expenses, financing, and intercompany transactions and arrangements. While application of these guidelines may result in a relatively clear determination in many cases, others will be more difficult. In such cases, the FASB stated that the economic facts and circumstances pertaining to a particular foreign operation shall be assessed in relation to the FASB's stated objectives for foreign currency translation.

Although a broad standard of this type carries with it the risk of decreasing the comparability of reporting financial information, it is clear that there may be significant differences in the nature of foreign operations both within a particular company and among companies, even those within the same industry.[3] The new standard gives managements the necessary flexibility to appropriately match reported accounting results with economic facts and circumstances. Ultimately, however, the success of SFAS No. 52 (and the usefulness of the concept of broad standards of financial reporting in general) depends on the confidence of the investment community in its application which in turn is heavily dependent on the quality of related disclosures.

SFAS No. 52 requires disclosure of the aggregate transaction gain or loss included in determining net income and an analysis of the changes during the period in the separate component of equity for cumulative translation adjustments. SFAS No. 52 also states that it may be necessary to disclose significant rate changes occurring after the date of the enterprise's financial statements or after the date of the foreign currency statements of a foreign entity (if different), and their effect on unsettled balances pertaining to foreign currency transactions. In addition, the FASB encouraged management to supplement the disclosures required by SFAS No. 52 with an analysis and discussion of the effects of rate changes on the reported results of operations. The FASB stated that the purpose of such supplemental disclosures is to assist financial report users in understanding the broader economic implications of rate changes and to compare recent results with those of prior periods.[4] The FASB considered requiring disclosure that would describe and possibly quantify the effects of rate changes on reported revenues and earnings, but decided not to, primarily because of the wide variety of potential effects, the perceived difficulties of developing the information, and the impracticality of providing meaningful guidelines.[5]

1. Disclosure Considerations

In a review of a sample of annual reports of registrants who adopted SFAS No. 52 for their 1981 financial statements, the Commission's staff observed compliance with the specific disclosure requirements as well as certain voluntary supplemental disclosures of the type encouraged by the Board.[6] While SFAS No. 52 does not require disclosure as to a company's functional currencies or the extent to which foreign operations are measured in a currency other than the reporting currency, most companies disclosed (either explicitly or by implication) that either "all" or "most" of their foreign operations were measured in the local currency. Frequently, it was disclosed that exceptions were made for operations in high inflation countries (in some cases specific countries were named). A significant number of companies, however, only stated that "certain" operations were measured in a local currency or provided no disclosure as to the extent of foreign operations so measured. Some companies disclosed that the related translation adjustments

[1] An entity's functional currency is the currency of the primary economic environment in which the entity operates; normally that is the currency in which an entity primarily generates and expends cash. (Para. 5, SFAS 52)

[2] This determination can have a significant impact on reported financial results. The functional currency approach which SFAS No. 52 imposes differentiates between those operations that are relatively self-contained and integrated within a foreign country and those that are an exension of the parent's domestic operations. It concludes that "translation adjustments" (which result from consolidating the former) are related to the parent company's net investment in those operations and have no immediate, direct impact on the parent's cash flows. Therefore, those adjustments are not included in determining net income for the period but are presented as part of consolidated stockholders' equity until the parent's investment in that operation is sold or liquidated. "Transaction gains and losses" (which result from the consolidation of all other foreign operations, as well as most other foreign currency transactions) are accounted for and reported in net income, as was the case under SFAS No. 8.

[3] Because of the nature of the standard and the complexity of the issues involved, the FASB has formed an implementation group to advise its staff of possible implementation problems. The Commission believes that it is important to identify and deal with implementation problems by providing timely guidance where necessary or appropriate.

[4] Paragraph 144, SFAS No. 52.

[5] Ibid.

[6] In 1981, the dollar significantly strengthened against many major foreign currencies and thus frequently had a depressing effect on reported sales and operations. Many companies in the staff's sample referred to the effect of the strong dollar. A significant number quantified the effect on sales; some also provided a quantification of the effect on operating results. A few companies discussed their foreign operating results as reflected in the local currency, with the effects of translation noted. Other disclosures included the effects of exchange rate changes on backlog, interest expense, wages, cost of raw material purchased from the parent, transactions between subsidiaries, inventory levels, debt to equity ratio, working capital, effective tax rate, and cost of sales. The Commission encourages continuing experimentation by individual registrants in an effort to achieve meaningful disclosures in this area.

did not impact cash flow or were unrealized.

The Commission believes that information as to the nature of a registrant's foreign operations gained as a result of implementing SFAS No. 52 [7] could be used to develop improved disclosures relating to foreign operations and foreign currency translation effects, including information as to functional currencies. Such disclosures could provide meaningful information to investors and others who are attempting to understand the impact of a registrant's foreign operations on the financial statements. Segment disclosures provide information about the nature and extent of a company's foreign operations, but the standards inherent in SFAS No. 52 are premised on the fact that there may be significant differences in economic substance among various foreign operations—i.e., different exposure to exchange rate risk and different impact on cash flow, with resulting different accounting treatment. The Commission recognizes that this is a complex area and, thus, is not specifying the location [8] or nature of the particular disclosures to be made. Indeed, information such as a display of net investments by major functional currency or an analysis of the translation component of equity (either by significant functional currency or by geographical areas used for segment disclosure purposes) will not always be practicable. Nevertheless, the Commission encourages experimentation with narrative information, such as disclosure about the functional currencies used to measure significant foreign operations or the degree of exposure to exchange rate risks (which exists for all companies engaged in foreign operations, regardless of their functional currencies), in order to enable investors to assess the impact of exchange rate changes on the reporting entity.[9]

There follows a discussion of two specific situations which registrants may wish to explain to investors. When a registrant determines that the financial data of significant foreign operations should be measured in other than the reporting currency, there may be an indication that all or some of those operations' cash flows are generally not available to meet the company's other short-term needs for cash. Thus, it may be appropriate that such a registrant discuss those operations in a disaggregated manner in order to meaningfully address liquidity and capital resource considerations.[10] A discussion of the company's intracompany financing practices may also be meaningful in this regard. Of course, if those foreign cash flows are generally available to meet the parent's cash needs and the local functional currency determinations result from a preponderance of the other evaluative factors specified by SFAS No. 52, discussion of that fact would facilitate understanding of the registrant's operations.

Another example relates to significant foreign operations in highly inflationary economies. In SFAS No. 52, the FASB adopted a pragmatic solution to the problems resulting from the lack of a stable measuring unit (i.e, those operations' financial data must be measured in the reporting currency). As a result, the translation effects of rate changes are included in net income even through the operations may be relatively self-contained or have other environmental characteristics such that remittances to the parent are unlikely.[11] In such cases, discussion only of consolidated, or even reporting currency, liquidity and capital resources may not be sufficient.

2. Disclosures During the Transition Period

Adoption of SFAS No. 52 is mandatory for fiscal years beginning on or after December 15, 1982, with earlier application encouraged. The financial statements for prior years may be restated to conform to the new standard and, if not restated, companies may present disclosure of earnings data for the prior year computed on a pro forma basis. Companies that adopted the standard for fiscal years ending on or before March 31, 1982 were required to disclose the effect of adopting the new standard on earnings data for the year of the change in order to provide comparability with companies still using SFAS No. 8; that disclosure is not required for fiscal years ending after that date.

The Board determined that the extended mandatory effective date was appropriate to provide sufficient time for companies to make any desired changes in financial policies that might be prompted by the new standard and to prepare internally for the implementation of the standard. The Board did not require restatement because it recognized that the accounting exposure determined in accordance with SFAS No. 8 had been hedged by the management of some companies and that different management actions might have been taken if SFAS No. 8 had not been in effect. Finally, the Board did not extend the requirement to disclose the effect of adopting the standard to years ending after March 31, 1982 because it believed that many companies will have terminated some or all hedges of the SFAS No. 8 accounting exposure, thereby making any meaningful determination of the effect virtually impossible. In addition, the Board believed that the cost of requiring two systems of translation beyond early 1982 was not justified.

The Commission understands the rationale for the transition provisions outlined above. Nonetheless, the Commission is concerned about the adequacy of disclosure about the effects of accounting changes.[12] Financial

[7] Successful implementation of SFAS No. 52 requires a fundamental evaluation of the nature of each of a company's foreign operations. Often, this will require input from management personnel involved in various activities within the company. Also, investment objectives with respect to individual foreign operations will need to be reevaluated (e.g., amounts of intercompany accounts considered to be "permanent" advances).

[8] The management's discussion and analysis section may be used for these additional disclosures. The Commission's requirements for Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 303 of Regulation S–K (17 CFR Part 229) are designed to elicit information necessary to an understanding of a registrant's financial statements. This is to be accomplished by providing information enabling an evaluation of the amounts and certainty of cash flows from operations and a registrant's ability to generate adequate amounts of cash to meet its needs for cash (liquidity) as well as an assessment of the impact of events that have had, or may have, a material effect on trends of operating results.

[9] The Commission also believes that a discussion as to the nature of the translation component of equity may assist investors in understanding the reported financial condition. This may be particularly important due to the fact that the Commission's staff has been advised that some analysts and others may be arbitrarily adjusting reported earnings for the translation adjustments. Meaningful disclosure about a company's foreign operations may help to overcome this tendency.

[10] Item 303(a) of Regulation S–K states in part that "where in the registrant's judgment a discussion of segment information or of other subdivisions of the registrant's business would be appropriate to an understanding of such business, the discussion shall focus on each relevant reportable segment or other subdivision of the business and on the registrant as a whole."

[11] Similarly, the functional currency for foreign operations which are experiencing financial difficulties such that additional capital investments may be necessary may also be determined to be the reporting currency.

[12] In several of the annual reports included in the staff's sample, a substantial portion of record (or otherwise increased) earnings was attributable to the adoption of SFAS No. 52. While the 1981 effect of the accounting change was disclosed in the financial statements, information outside the financial statements focused a high level of attention on the strength of the reported results without providing adequate information to permit an evaluation of the comparability of those results particularly since, in each of these cases, the companies did not restate or provide pro forma disclosures.

statement users have a natural tendency to assume that accounting results are prepared using a consistent methodology throughout the reporting period and from year to year. Indeed, users have a right to make that assumption and the trends in reported financial results are a particularly useful indicator of a company's progress. Where accounting results and the trends therein are materially impacted by accounting changes, it is incumbent upon the registrant to clearly bring this fact to the attention of users, together with such other information which may be necessary to enable investors to adequately assess reported results.[13]

For those registrants that adopt SFAS No. 52 in 1982 or thereafter, the Commission believes that, where appropriate, useful information as to comparability can be best provided by restating prior years' financial statements (or making appropriate pro forma disclosures) and by disclosing the effect of the change on results of operations for the current year. However, the Commission understands that, for the reasons considered by the FASB in adopting the transition provisions included in SFAS No. 52, presentation of such information may not always be meaningful (or computation thereof may not be practicable). In such instances, the Commission expects registrants to discuss this fact and the reasons therefor. In this regard, registrants should consider discussing any modifications of operating, financing, or hedging practices which have been effected.

The Commission also believes that registrants that have not yet adopted SFAS No. 52 should discuss the potential effects of adoption in registration statements and reports filed with the Commission.

Codification Update

The "Codification of Financial Reporting Policies" announced in Financial Reporting Release 1 (April 15, 1982) [47 FR 21028] is updated to:

1. Add a new section 501.06, entitled as follows:

§ 501.06 Disclosure Considerations Related to Foreign Operations and Foreign Currency Translation Effects

2. Include in section 501.06 the sections entitled "Background and Discussion," "Disclosure Considerations," and "Disclosures during the Transition Period," identified as specified below:

a. Background and Discussion.

b. Disclosure Considerations.

c. Disclosures during the Transition Period.

This codification is a separate publication issued by the SEC. It will not be published in the **Federal Register** Code of Federal Regulations system.

List of Subjects in 17 CFR Part 211

Accounting, Reporting and recordkeeping requirements, Securities.

PART 211—[AMENDED]

Commission Action:

Subpart A of 17 CFR Part 211 is amended by adding thereto reference to this release (FRR No. 6).

By the Commission.

November 18, 1982.

Shirley E. Hollis,

Assistant Secretary.

[FR Doc. 82-32363 Filed 11-24-82; 8:45 am]

BILLING CODE 8010-01-M

[13] Item 301 of Regulation S-K [17 CFR 229.301] requires the presentation of certain selected financial data, the purpose of which is to supply in a convenient and readable format data which highlight certain significant trends in the registrant's financial condition and results of operations. The instructions to that item require a description of factors, such as accounting changes, that materially affect the comparability of the information reflected.

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17 CFR Part 240

[Release No. 33-6434; 34-19244; IC-12823]

Purchases of Certain Equity Securities by the Issuer and Others; Adoption of Safe Harbor

AGENCY: Securities and Exchange Commission.

ACTION: Final rule; rule amendments.

SUMMARY: The Commission has announced the adoption of Rule 10b-18 under the Securities Exchange Act of 1934 ("Act") to provide a "safe harbor" from liability for manipulation in connection with purchases by an issuer and certain related persons of the issuer's common stock. The issuer or other person will not incur liability under the anti-manipulative provisions of Sections 9(a)(2) or 10(b) (and Rule 10b-5 thereunder) if purchases are effected in compliance with the limitations contained in the safe harbor. The Commission has also adopted certain amendments to Rule 10b-6 under the Act which will eliminate the Commission's current program of regulating issuer repurchases under that rule. These amendments will except from Rule 10b-6 purchases of an issuer's common stock (and certain related securities) when the issuer is engaged in certain distributions of those securities.

EFFECTIVE DATE: November 26, 1982.

FOR FURTHER INFORMATION CONTACT: John B. Manning, Jr., Esq. (202-272-2874), or Mary Chamberlin, Esq. (202-272-2880); Office of Legal Policy and Trading Practices, Division of Market Regulation, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

I. Introduction

The Commission has considered on several occasions since 1967 the issue of whether to regulate an issuer's repurchases of its own securities.[1] The predicates for this effort have been twofold: first, investors and particularly the issuer's shareholders should be able to rely on a market that is set by independent market forces and not influenced in any manipulative manner by the issuer or persons closely related to the issuer. Second, since the general language of the anti-manipulative provisions of the federal securities laws offers little guidance with respect to the scope of permissible issuer market behavior, certainty with respect to the potential liabilities for issuers engaged in repurchase programs has seemed desirable.

The most recent phase of this proceeding is proposed Rule 13e-2 which was published for public comment on October 17, 1980.[2] This rule would have imposed disclosure requirements and substantive purchasing limitations on an issuer's repurchases of its common and preferred stock. These restrictions, which generally would have limited the time, price, and volume of purchases, also would have been imposed on certain persons whose purchases could be deemed to be attributable to the issuer. In addition, the issuer, its affiliates, and certain other persons

[1] Before its most recent release in October, 1980, issuer repurchases had been the subject of three public rule proposals. The first was a Commission draft of a proposed Rule 10b-10 published in 1967 by the United States Senate in connection with hearings on proposed legislation that became the Williams Act Amendments of 1968. Pub. L. No. 90-439, 82 Stat. 454 (July 29, 1968). Proposed Rule 10b-10 was reprinted in *Hearings on S. 510 before the Subcommittee on Securities of the Senate Committee on Banking and Currency*, 90th Cong., 1st Sess. 214-216 (1967). The Commission then published Rule 13e-2 for comment in 1970 and in 1973. Securities Exchange Act Release Nos. 8930 (July 13, 1970), 35 FR 11410 (1970) and 10539 (December 6, 1973), 38 FR 34341 (1973).

[2] Securities Exchange Act Release No. 17222 (October 17, 1980), 45 FR 70890 (1980) ("October Release").