§ 2620.4 Denials.

If the AIG/AD, determines that a requested record is exempt from mandatory disclosure and that discretionary release would be improper, the AIG/AD shall give written notice of denial in accordance with § 1.5(a) of this title.

§ 2620.5 Appeals.

The denial of a requested record may be appealed in accordance with § 1.3(e) of this title. Appeals shall be addressed to the Inspector General, Administration Building, U.S. Department of Agriculture, Washington, D.C. 20250. The Inspector General will give prompt notice of his determination in accordance with § 1.5(d) of this title.

Dated at Washington, D.C., this 12th day of September 1983.

John V. Graziano,

Inspector General.

[FR Doc. 83-25279 Filed 9-14-83; 8:45 am]

BILLING CODE 3410-23-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 83-ANM-14]

Revised Transition Area; Tobe, Colorado

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: The current geographical boundary of the Tobe, Colorado, Transition Area is formed by existing VOR Federal Airways which encompass the area. A recent action to eliminate alternate airways included V-19E which is the western boundary of the transition area. However, V-19E is being redesignated "V-389" and this new airway designation may now be used to describe the transition area. This action provides the revised description.

EFFECTIVE DATE: September 29, 1983.

FOR FURTHER INFORMATION CONTACT: Arthur H. Corwin, Northwest Mountain Region, 17900 Pacific Highway South, C-68966, Seattle, Washington, 98168 (206) 431-2532.

SUPPLEMENTARY INFORMATION: The Tobe, Colorado, Transition Area was established to ensure segregation of aircraft operating in instrument weather conditions and other aircraft operating in visual weather conditions. The area will continue to be shown on aeronautical charts enabling pilots operating under visual flight rules to circumnavigate the area when necessary to comply with those rules. The floor of this controlled airspace is established at 8,500 feet MSL and will not change. The geographical area and associated airspace will also remain unchanged.

This rule involves only a minor editorial clarification in the description and makes no substantive changes. Therefore, notice and public procedure hereon are unnecessary and the amendment may be made effective in less than 30 days. For further information contact Ted Melland, Airspace & Procedures Specialist, ANM-533, FAA Northwest Mountain Region, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168. The telephone number is (206) 431-2533.

List of Subjects in 14 CFR Part 71

Transition areas, Aviation safety.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, § 71.181 of Part 71 of the Federal Aviation Regulations (14 CFR Part 71) is amended effective 0901 G.M.T., September 29, 1983, as follows:

Tobe, Colorado [Revised]

Delete the words, "and on the west by V-19E" and insert the words, "and on the west by V-389".

(Secs. 307(a) and 313(a), Federal Aviation Act of 1958 (49 U.S.C. 1348(a) and 1354(a)); (49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); (Sec. 1165 of the Federal Aviation Regulations 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. For this reason and the reasons given earlier in the preamble, it, therefore—(1) Is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (14 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 Seattle, Washington, September 9, 1983.

Charles R. Foster,

Director, Northwest Mountain Region.

[FR Doc. 83-24950 Filed 9-14-83; 8:45 am]

BILLING CODE 4910-13-M

FEDERAL TRADE COMMISSION

16 CFR Parts 2 and 4

Organization, Procedures and Rules of Practice; Nonadjudicative Procedures and Miscellaneous Rules

AGENCY: Federal Trade Commission.

ACTION: Final rules.

SUMMARY: Several of the Commission's Rules of Practice are being amended to reflect an internal reorganization in the Commission's Bureau of Consumer Protection which has resulted in Associate Director positions being created. Assistant Directors of the Bureau of Consumer Protection now report to Associate Directors. The role of Assistant Directors of the Commission's Bureaus of Competition and Economics is unchanged. Additionally, Rule § 2.41(b) is being amended to delete Regional Directors from the list of those persons empowered to approve or reject compliance reports and to close compliance investigations. These functions are now being handled by the Headquarters staff. Because of the expertise of this staff, and the resulting efficiency, consolidating compliance in Headquarters should produce the same output, using fewer resources.

EFFECTIVE DATE: September 15, 1983.

FOR FURTHER INFORMATION CONTACT: Barry Rubin, Office of the General Counsel, Federal Trade Commission, Washington, D.C. 20580, (202) 523-3613

List of Subjects

16 CFR Part 2

Administrative practice and procedures, Investigations, Reporting requirements.

16 CFR Part 4

Administrative practice and procedures, Freedom of Information, Privacy, Sunshine Act.

PART 2—[AMENDED]

Section 2.1 is revised to read as follows:

§ 2.1 How initiated.

Commission investigations and inquiries may be originated upon the request of the President, Congress, governmental agencies, or the Attorney General; upon referrals by the courts; upon complaint by members of the public; or by the Commission upon its own initiative. The Commission has delegated to the Director, Deputy Directors, and Assistant Directors of the

Bureau of Competition, the Director, Deputy Directors, and Associate Directors of the Bureau of Consumer Protection, the Regional Directors and Assistant Regional Directors of the Commission's regional offices, and the Director of Federal-State and Consumer Relations, without power of redelegation, limited authority to initiate investigations.

Section 2.7 is amended by revising paragraphs (c) and (d) to read as follows:

§ 2.7 Compulsory process in investigations.

* * * * *

(c) The Bureau Director, Deputy Directors and Assistant Directors of the Bureaus of Competition and Economics, the Director, Deputy Directors and Associate Directors of the Bureau of Consumer Protection, Regional Directors, and Assistant Regional Directors, are authorized to negotiate and approve the terms of satisfactory compliance with subpoenas and civil investigative demands and, for good cause shown, may extend the time prescribed for compliance. Specifically, the subpoena power conferred by Section 329 of the Energy Policy and Conservation Act (42 U.S.C. 6299) is included within this delegation.

(d) *Petitions to limit or quash.*—Any petition to limit or quash any investigational subpoena or civil investigative demand shall be filed with the Secretary of the Commission within twenty (20) days after service of the subpoena or civil investigative demand, or, if the return date is less than twenty (20) days after service, prior to the return date. Such petition shall set forth all assertions of privilege or other factual and legal objections to the subpoena or civil investigative demand, including all appropriate arguments, affidavits and other supporting documentation. All petitions to limit or quash an investigational subpoena or civil investigative demand shall be ruled upon by the Commission itself, but Bureau Directors, Deputy Directors, and Assistant Directors in the Bureaus of Competition and Economics, the Bureau Director, Deputy Directors and Associate Directors in the Bureau of Consumer Protection, Regional Directors and Assistant Regional Directors are delegated, without power of redelegation, the authority to rule upon requests for extensions of time within which to file such petitions.

Section 2.11 is amended by revising paragraphs (a) and (b) to read as follows:

§ 2.11 Orders requiring access.

(a) In investigations other than those conducted under Section 20 of the Federal Trade Commission Act, the Commission may issue an order requiring any person, partnership or corporation being investigated to grant access to files for the purpose of examination and the right to copy any documentary evidence. The Directors, Deputy Directors and Assistant Directors of the Bureaus of Competition and Economics, the Director, Deputy Directors and Associate Directors of the Bureau of Consumer Protection, the Regional Directors, and Assistant Regional Directors of the Commission's regional offices, pursuant to delegation of authority by the Commission, without power of redelegation, are authorized, for good cause shown, to extend the time prescribed for compliance with orders requiring access issued during the investigation of any matter.

(b) Any petition to limit or quash an order requiring access shall be filed with the Secretary of the Commission within twenty (20) days after service of the order, or, if the date for compliance is less than twenty (20) days after service of the order, then before the return date. Such petition shall set forth all assertions of privilege or other factual and legal objections to the order requiring access, including all appropriate arguments, affidavits and other supporting documentation. All petitions to limit or quash orders requiring access shall be ruled upon by the Commission itself, but the above-designated Directors, Deputy Directors, Assistant Directors, Associate Directors, Regional Directors and Assistant Regional Directors are delegated, without power of redelegation, the authority to rule upon motions for extensions of time within which to file petitions to limit or quash orders requiring access.

Section 2.12 is amended by revising paragraphs (c) and (d) to read as follows:

§ 2.12 Reports.

* * * * *

(c) The Directors, Deputy Directors and Assistant Directors of the Bureaus of Competition and Economics, the Director, Deputy Directors and Associate Directors of the Bureau of Consumer Protection, and the Regional Directors and Assistant Regional Directors of the Commission's regional offices, pursuant to delegation of authority by the Commission, without power of redelegation, are authorized, for good cause shown, to extend the time prescribed for compliance with orders requiring reports or answers to questions issued during the investigation, study or survey of any matter or in connection with any of the Commission's reporting programs.

(d) Any petition to limit or quash an order requiring a report or answer to specific questions shall be filed with the Secretary of the Commission within twenty (20) days after service of the order, or, if the date for compliance is less than twenty (20) days after service of the order, then before the return date. Such petition shall set forth all assertions of privilege or other factual and legal objections to the order requiring a report or answer to specific questions, including all appropriate arguments, affidavits and other supporting documentation. All petitions to limit or quash orders requiring reports or answers to questions shall be ruled upon by the Commission itself, but the above-designated Directors, Deputy Directors, Assistant Directors, Associate Directors, Regional Directors and Assistant Regional Directors are delegated, without power of redelegation, the authority to rule upon motions for extensions of time within which to file petitions to limit or quash orders requiring reports or answers to questions.

Section 2.14 is amended by revising paragraph (c) to read as follows:

§ 2.14 Disposition.

* * * * *

(c) The Commission has delegated to the Director, Deputy Directors, and Assistant Directors of the Bureau of Competition, the Director, Deputy Directors and Associate Directors of the Bureau of Consumer Protection, Regional Directors, and the Director of Federal-State Consumer Relations, without power of redelegation, limited authority to close investigations.

Section 2.15 is amended by revising paragraph (a) to read as follows:

§ 2.15 Orders requiring witnesses to testify or provide other information and granting immunity.

(a) The Bureau Director, Deputy Directors, and Assistant Directors in the Bureaus of Competition and Economics, the Bureau Director, Deputy Directors and Associate Directors of the Bureau of Consumer Protection, Regional Directors and Assistant Regional Directors are hereby authorized to request, through the Commission's liaison officer, approval from the Attorney General for the issuance of an order requiring a witness to testify or provide other information granting immunity under

Title 18, section 6002, of the United States Code.

* * * * *

Section 2.16 is amended by revising paragraph (a) to read as follows:

§ 2.16 Custodians.

(a) *Designation.*—The Commission shall designate a custodian and one or more deputy custodians for material to be delivered pursuant to compulsory process in a investigation, a purpose of which is to determine whether any person may have violated any provision of the laws administered by the Commission. The custodian shall have the powers and duties prescribed by Section 21 of the FTC Act. Deputy custodians may perform all of the duties assigned to custodians. The appropriate Bureau Directors, Deputy Directors, Associate Directors in the Bureau of Consumer Protection, Assistant Directors in the Bureau of Competition, Regional Directors or Assistant Regional Directors shall take the action required by Section 21(b)(7) of the FTC Act if it is necessary to replace a custodian or deputy custodian.

Section 2.41 is amended by revising the first sentence of paragraphs (b) and (c) and by adding a sentence to the end of paragraph (c) to read as follows:

§ 2.41 Reports of compliance.

* * * * *

(b) The Commission has delegated to the Director and Deputy Directors of the Bureaus of Competition and Consumer Protection, without power of redelegation, the authority to approve compliance reports, reject compliance reports, and to close compliance investigations. * * *

(c) The Commission has delegated to the Director, Deputy Directors, and Assistant Directors of the Bureau of Competition and to the Director, Deputy Directors, and Associate Directors of the Bureau of Consumer Protection, and to the Regional Directors, the authority, for good cause shown, to extend the time within which reports of compliance with orders to cease and desist may be filed. * * * The authority under this subsection may not be redelegated, except that the Associate Director for Enforcement in the Bureau of Consumer Protection and the Assistant Director for Compliance in the Bureau of Competition may each name a designee under this subsection.

PART 4—[AMENDED]

Section 4.2 is amended by revising paragraph (a)(1) to read as follows:

§ 4.2 Requirements as to form, and filing of documents other than correspondence.

(a) *Filing.*—(1) Except as otherwise provided, all documents submitted to the Commission, including those addressed to the Administrative Law Judge, shall be filed with the Secretary of the Commission; *provided, however,* that in any instance informal applications or requests may be submitted directly to the official in charge of any office of the Commission or to the appropriate Director, Deputy Director, Associate Director in the Bureau of Consumer Protection, or Assistant Director in the Bureau of Competition or to the Administrative Law Judge. Copies of all documents filed with the Secretary of the Commission by parties in adjudicative proceedings shall, at or before the time of filing, be served by the party filing the documents or person acting for that party on all other parties pursuant to § 4.4.

Section 4.4 is amended by revising the third sentence following the introductory sentence to read as follows. The introductory sentence is shown for reader convenience.

§ 4.4 Service.

* * * * *

(b) *By other parties.*—Service of documents by parties other than the Commission shall be by delivering copies thereof as follows: * * * Where service of a document imposes time limitations upon Commission counsel for response, the time for such response shall not start running until the document is delivered to the Assistant Bureau Director in the Bureau of Competition, the Associate Bureau Director in the Bureau of Consumer Protection, or Regional Office of Complaint Counsel by the Office of the Secretary. * * *

(15 U.S.C. 46(f))

By direction of the Commission, dated June 17, 1983.

Emily H. Rock,

Secretary.

[FR Doc. 83-25251 Filed 9-14-83; 8:45 am]

BILLING CODE 6750-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240 and 249

[Release No. 34-20155; File No. S7-941]

Amendments Relating to Reports of Stabilizing Transactions

AGENCY: Securities and Exchange Commission.

ACTION: Final Rule.

SUMMARY: The Commission has adopted amendments to Rules 17a-2 and 10b-7 under the Securities Exchange Act of 1934 and has rescinded related Form X-17A-1. The amendment to Rule 17a-2 eliminates the requirement that participants in an offering that is stabilized file with the Commission reports of their transactions, including stabilizing transactions, in offered securities. The amendment requires instead that information concerning stabilizing transactions be retained by the manager of the underwriting syndicate. The filing of reports concerning stabilization imposes burdens that exceed any benefits relating to the protection of investors. The amendment to Rule 10b-7 makes certain technical changes to that rule.

EFFECTIVE DATE: October 17, 1983.

FOR FURTHER INFORMATION CONTACT: Howard A. Bartnick at (202) 272-2874, or Kenneth B. Orenbach at (202) 272-7391; Office of Legal Policy and Trading Practices, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street NW., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION:

I. Background and Discussion

The Securities and Exchange Commission is adopting amendments to Rules 17a-2 and 10b-7 [1] under the Securities Exchange Act of 1934 (the "Act"). These amendments were published for public comment on August 26, 1982.[2]

Rule 17a-2 under the Act and its related Form X-17A-1 were adopted on February 9, 1939.[3] The rule has applied to any person who effects any purchase of a security for the purpose of pegging, fixing or stabilizing the price of a security during an offering. It has required any person who effects stabilizing purchases for his own account or for a syndicate or group account to report to the Commission "as manager" on the form all purchases (including stabilizing purchases), sales and transfers in the stabilized security made during the period beginning nine business days prior to the commencement of the offering and ending when stabilizing terminated. All purchases made to cover a short position also had to be reported. Any purchases or sales of the stabilized security made by other persons

[1] 17 CFR 240.10b-7 and 240.17a-2.

[2] Securities Exchange Act Release No. 18983 (August 26, 1982), 47 FR 37560 (the "Proposing Release").

[3] Securities Exchange Act Release No. 2008 (February 9, 1939), 4 FR 699.

participating in the offering for their own account were also required to be reported. These "not as manager" reports had to be transmitted, not later than five business days after termination of stabilization, to the manager, who in turn was required to forward them to the Commission.

These transactions were required to be reported on Form X-17A-1. The purpose of Form X-17A-1 was to inform the Commission (1) whether stabilizing transactions on behalf of the syndicate or group were effected in conformity with the restrictions and limitations of Rule 10b-7, the Commission's stabilizing rule, and therefore properly came within Exception viii of Rule 10b-6,[4] and (2) whether any other activity by any member of the syndicate had violated the prohibitions of Rule 10b-6 against the purchase of securities subject to a distribution.[5]

In the Proposing Release, the Commission proposed that Form X-17A-1 be rescinded and that Rule 17a-2 be amended to require only that the managing underwriter of a distribution of securities retain, in a separate file, records of all stabilizing transactions engaged in by participants in that distribution. The proposed amendments to Rule 17a-2 would have required only the retention of records of stabilizing purchases. Distribution participants consequently would have been relieved of the requirement that each compile the other market information previously required to be included in the reports filed with the Commission. The proposed amendments would also have raised the minimum level for non-registered, non-Regulation A offerings subject to the rule from the current $300,000 to $1,500,000.[6]

The Commission continues to believe that it is no longer necessary to monitor stabilization practices by means of reports required to be filed with the Commission. Indeed, the Commission rarely uses the information contained on Form X-17A-1 either to monitor or enforce compliance with Rules 10b-6 and 10b-7. In light of this fact, the reporting provisions of Rule 17a-2 have imposed burdens on participants in a distribution of securities that have exceeded the regulatory benefits of the rule.

Several commentators generally supported the proposed amendments.[7] Two commentators, however, opposed amending the basic framework of Rule 17a-2 and rescission of Form X-17A-1. Their objections to the proposals were based not only on the assumption that the form is necessary to monitor compliance with Rules 10b-6 and 10b-7, but also on the premise that the information on the form helps syndicate managers to determine the performance level and effectiveness of syndicate members. The Commission believes that, in general, such determinations are not an appropriate basis for regulatory requirements, particularly since syndicate managers may generally enter into contractual arrangements with participants of a syndicate or group to arrange a framework of discipline and review acceptable to the entire syndicate or group.

The Commission therefore is rescinding Form X-17A-1 and amending Rule 17a-2 to require that the managing underwriter of a distribution of securities retain, in a separate file, only records of all stabilizing transactions engaged in by participants in that distribution. The amendment to the rule requires the retention of records of stabilizing purchases only.[8] Distribution participants consequently are now relieved of the requirement that each compile the other trading information previously required to be included in the reports filed with the Commission.[9] The rule still requires the managing underwriter to notify syndicate or group members of information concerning syndicate stabilizing activity.[10]

For the reasons indicated in the Proposing Release, the Commission has also decided to raise the minimum level at which non-registered, non-Regulation A offerings are subject to the requirements of Rule 17a-2 to $1,500,000.[11] Finally, the Commission is adopting certain technical changes to Rule 10b-7 to conform certain cross-references therein to Rule 17a-2.

II. Regulatory Flexibility Act Considerations

The Chairman of the Commission certified in connection with the Proposing Release that the proposed amendments to Rules 17a-2 and 10b-7, if adopted, would not have a significant impact on a substantial number of small entities. None of the comments addressed that certification.

III. Effects on Competition

Section 23(a)(2) of the Act [12] requires the Commission, in adopting rules under the Act, to consider the anti-competitive effect of such rules, if any, and to balance any impact against the regulatory benefits gained in terms of furthering the purposes of the Act. The Commission has considered the amendments to Rules 17a-2 and 10b-7 in light of the standards cited in Section 23(a)(2) and believes, for the reasons stated herein, that adoption of the amendments will not impose any burden on competition not necessary or appropriate in furtherance of the Act.

List of Subjects in 17 CFR Part 240

Reporting requirements, Securities.

IV. Statutory Basis and Text of Rule Amendments

Pursuant to Sections 9(a)(6), 10(b), 17(a) and 23(a) of the Act, 15 U.S.C. 78i(a)(6), 78j(b), 78q(a) and 78w(a), the Commission hereby amends Parts 240 and 249 of Chapter II of Title 17 of the Code of Federal Regulations as follows:

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

1. By revising paragraph (l) of § 240.10b-7 to read as follows:

§ 240.10b-7 Stabilization to facilitate a distribution.

* * * * *

(l) *Recordkeeping requirements.* A person subject to this section shall keep the information and make the notification required by § 240.17a-2 even though he is not subject to that section as a broker, dealer or member of a national securities exchange.

* * * * *

2. By revising § 240.17a-2 as follows

---

[4] Exception viii of Rule 10b-6, 17 CFR 240.10b-6(a)(3)(viii), permits "stabilizing transactions not in violation of [Rule] 10b-7."

[5] *See* Securities Exchange Act Release No. 9717 (August 15, 1972), 37 FR 17383.

[6] Corresponding technical changes to Rule 10b-7 under the Act were also proposed.

[7] Five comment letters were received with respect to the proposals. File No. S7-941 contains these public comment letters as well as a summary of comments prepared by the staff of the Commission.

[8] One commentator sought clarification that records of ordinary, non-stabilizing transactions need not be maintained by the manager.

[9] Paragraph (d) of the rule nonetheless requires syndicate participants that effect stabilizing purchases for the syndicate account to report such purchases, as well as the time at which such stabilizing activity is terminated, to the manager.

[10] One of the commentators objected to that part of the Commission's original proposal that would have expanded the current rule by requiring the manager to notify syndicate members of *all* stabilizing transactions as well as the date and time of the first stabilizing transaction and of the termination of stabilizing. The commentator correctly observed that such a proposal would have imposed substantial economic burdens on managers. Accordingly, the Commission has decided to limit the manager's obligation to reporting to syndicate members the date and time of the first stabilizing purchase and of the termination of stabilizing.

[11] See *Proposing Release*, 47 FR at 37561.

[12] 15 U.S.C. 78w(a)(2).

§ 240.17a-2 Recordkeeping requirements relating to stabilizing activities.

(a) *Scope of section.* This section shall apply to any person who effects any purchase of a security for the purpose of, or who participates in a syndicate or group which engages in, pegging, fixing or stabilizing (hereinafter referred to as "stabilizing") the price of any security to facilitate an offering of any security (other than an "exempted security" as hereinafter defined) (1) With respect to which a registration statement has been, or is to be, filed pursuant to the Securities Act of 1933 as amended or (2) which is being, or is to be, offered pursuant to an exemption from registration under Regulation A adopted under the Securities Act of 1933 or (3) which is being, or is to be, otherwise offered, if the aggregate offering price of the securities being offered exceeds $1,500,000.

(b) *Definitions.* Unless the context clearly indicates otherwise, for the purposes of this section, the following terms shall have the meanings indicated:

(1) The term "manager" shall mean the person stabilizing for his sole account or for the account of a syndicate or group in which he is a participant, and who, by contract or otherwise, deals with the issuer, organizes the selling effort, receives some benefit from the underwriting which is not shared by other underwriters, or represents any other underwriters in such matters as maintaining the records of the distribution and arranging for allotments of securities offered.

(2) The term "exempted security" means an exempted security as defined in Section 3(a)(12) of the Act, including securities issued, or guaranteed both as to principal and interest, by the International Bank for Reconstruction and Development.

(c) *Records required to be maintained by manager.* Any person subject to this section who acts as manager shall:

(1) Promptly record and maintain in a separate file, for a period of not less than 12 months, the following information:

(i) The name and class of any security being stabilized, (ii) the price, the date, and the time at which the first stabilizing purchase and each succeeding stabilizing purchase was effected by the manager or by any participant in the syndicate or group, (iii) the names and addresses of the members of the syndicate or group, and (iv) their respective commitments, or in the case of a standby or contingent underwriting the percentage participation of each member of the syndicate or group therein; and

(2) Promptly furnish to each of the members of the syndicate or group the name and class of any security being stabilized, and the date and time at which the first stabilizing purchase was effected by the manager or by any participant in the syndicate or group; and

(3) Promptly notify each of the members of such syndicate or group of the date and time when stabilizing was terminated.

(d) *Notification of manager.* Any person who has a participation in a syndicate account but who is not a manager of such account, and who effects one or more stabilizing purchases for his sole account or for the account of a syndicate or group, shall within three business days following such purchase notify the manager of the price, the date and the time at which such stabilizing purchase was effected, and shall in addition notify the manager of the date and time when stabilizing was terminated.

PART 249—FORMS, SECURITIES EXCHANGE ACT OF 1934

§ 249.717 [Removed]

3. By removing § 249.717.

Dated: September 7, 1983.

By the Commission.

George A. Fitzsimmons,

Secretary.

[FR Doc. 83-25238 Filed 9-14-83; 8:45 am]

BILLING CODE 8010-01-M

17 CFR Part 275

[Release No. IA-881; File No. S7-974]

Amendments to Investment Adviser Requirements Concerning Agency Cross Transactions for Advisory Clients

AGENCY: Securities and Exchange Commission.

ACTION: Final rule amendments.

SUMMARY: The Commission is adopting amendments to rule 206(3)-2 under the Investment Advisers Act of 1940 which will reduce the costs incurred by advisers in effecting agency cross transactions for clients by eliminating the requirement that a client's written consent to such transactions be renewed at least annually.

EFFECTIVE DATE: September 15, 1983.

FOR FURTHER INFORMATION CONTACT: Forrest R. Foss, Esq., (202) 272-2079, Office of Regulatory Policy, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. After the effective date, questions should be directed to the Office of Chief Counsel, (202) 272-2030, Division of Investment Management, 450 Fifth Street, NW., Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: On May 12, 1983, the Commission proposed for public comment [1] amendments to rule 206(3)-2 [17 CFR 275.206(3)-2] under the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. 80b-1 et seq.] which would reduce costs incurred by advisers and registered broker-dealers controlling, controlled by or under common control with such advisers in complying with section 206(3) of the Advisers Act [15 U.S.C. 80b-6(3)] and rule 206(3)-2 thereunder. As here pertinent, section 206(3) generally prohibits an investment adviser acting as broker for a perosn other than a client knowingly to effect any sale or purchase of any security for the account of a client without disclosing to the client in writing before completion of each transaction the capacity in which he is acting and obtaining the client's consent to the transaction.[2] Rule 206(3)-2, as originally adopted,[3] permits an investment adviser, acting as broker for a third party, to effect an agency cross transaction[4] for the account of an advisory client, provided, among other things,the adviser obtains the client's written consent prospectively authorizing such transactions for a period not to exceed one year. As discussed in detail in Investment Advisers Act Release No. 860 (May 12,

[1] Investment Advisers Act Release No. 860, May 12, 1983 [48 FR 22328, May 18, 1983].

[2] Section 206(3) also prohibits an investment adviser acting as principal for his own account knowingly to sell any security to or purchase any security from a client without disclosing to such client in writing before completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction.

In Investment Advisers Act Release No. 40 (February 5, 1945), the Commission construed the section to require that the written disclosure of capacity must be given and the client's consent obtained prior to the completion of each transaction effected by the investment adviser acting as broker for a third party or as principal for his own account. That release interpreted section 206(3) as not permitting blanket consents. The Commission subsequently modified that position with respect to transactions effected by the adviser acting as broker by adopting rule 206(3)-2.

[3] Investment Advisers Act Release No. 589, June 1, 1977 [42 FR 29300].

[4] Under the rule, an agency cross transaction is defined to mean "a transaction in which a person acts as an investment adviser in relation to a transaction in which such investment adviser, or any person controlling, controlled by or under common control with such investment adviser, acts as broker for both such advisory client and for another person on the other side of the transaction."