Issued in Fort Worth, TX, on May 10, 1984.

F. E. Whitfield,

Acting Director, Southwest Region.

[FR Doc. 84-13408 Filed 5-17-84; 8:45 am]

BILLING CODE 4910-13-M

FEDERAL TRADE COMMISSION

16 CFR Part 4

Organization, Procedures, and Rules of Practice; Correction

AGENCY: Federal Trade Commission.

ACTION: Correction.

SUMMARY: This document corrects an amendment to the Commission's Rules of Practice published in the Federal Register on Monday, May 14, 1984. The amendatory language incorrectly replaced all of § 4.11(c), instead of just the first three sentences.

DATE: This correction is effective May 18, 1984.

FOR FURTHER INFORMATION CONTACT: Alexandra Buek, Office of General Counsel, Federal Trade Commission, 6th St. and Pa. Ave., NW., Washington, D.C. 20580. (202) 523-3906.

SUPPLEMENTARY INFORMATION: In FR Doc. 84-12785, appearing in the Federal Register issue for Monday, May 14, 1984, 49 FR 20278, the first paragraph after the "List of Subjects in 16 CFR Part 4" is corrected to read as follows:

Accordingly, the Commission amends 16 CFR 4.11(c) by revising the first three sentences, with the remainder of § 4.11(c) to remain unchanged, to read as follows:

Emily H. Rock,

Secretary.

[FR Doc. 84-13460 Filed 5-17-84; 8:45 am]

BILLING CODE 6750-01-M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

Application and Closing Out of Offsetting Long and Short Positions

Correction

In FR Doc. 84-12387 beginning on page 19969 in the issue of Friday, May 11, 1984, make the following corrections:

1. On the same page, column one, **EFFECTIVE DATE** should read June 11, 1984.

2. On the same page, column two, footnote 1, line two, "2589-90" should read "35289-90".

3. On the same page, column three, paragraph two, line fourteen, "rebound" should read "redound".

4. On the same page, column three, footnote 4, line three, "§ 1046" should read "§ 1.46".

5. On page 19970, column one, second complete paragraph, line seven, "carrier" should read "carried".

6. On page 19971, column two, line one, "advisory" should read "advisor".

7. On the same page, column three, the first indented paragraph, line five, "of" should read "or".

8. On the same page, column three, footnote 19, line one, "19 CFR 17.00(b)" should read "17 CFR 17.00(b)".

BILLING CODE 1505-01-M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 375

[Docket No. RM81-20-000]

Delegations of the Commission's Authority to the Director of Electric Power Commission

May 4, 1984.

AGENCY: Federal Energy Regulatory Commission.

ACTION: Final rule; correction.

SUMMARY: This document inserts a phrase which was unintentionally omitted from the final regulatory text of 18 CFR 375.308 (pp), delegating to the Office of Electric Power Regulation (OEPR) the authority to pass upon uncontested applications for certification of the qualifying status of cogeneration facilities. This regulation is being corrected to include OEPR's authority regarding the qualifying status of small power production facilities. This document also corrects the misdesignation of several paragraphs in § 375.308.

EFFECTIVE DATE: May 4, 1984.

FOR FURTHER INFORMATION CONTACT: James Hoecker, Deputy Assistant General Counsel, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, D.C. 20426, (202) 357-8033.

SUPPLEMENTARY INFORMATION: The preamble to Order No. 147, issued May 22, 1981 (46 FR 29700, June 3, 1981), indicates the Commission's intention to delegate to the Director of OEPR the authority to pass upon uncontested applications for certifications of the qualifying status of both cogeneration facilities and small power production facilities. The rule, as issued and printed at 18 CFR 375.308 (pp) (46 FR 29703), omits reference to small power production facilities among those facilities for which the Director may grant qualifying status. This document, therefore, corrects the omission by inserting the words "and for small power production facilities" between the words "facilities" and "under" in 18 CFR 375.308 (pp).

PART 375—[AMENDED]

§ 375.308 [Corrected]

Order No. 147 created paragraphs (ll) through (pp) of § 375.308. This designation was incorrect and resulted in two paragraphs (ll) in 18 CFR 375.308. The Commission therefore redesignates paragraphs (ll) through (pp) of § 375.308, established in Order No. 147, as (mm) through (rr) respectively, including revised paragraph (pp). It should be noted that the unofficial reporter of the Commission's Regulations, *Federal Energy Guidelines* published by the Commerce Clearing House, made this correction in their publication. *Federal Energy Guidelines: FERC Statutes and Regulations* ¶ 28,538.

Kenneth F. Plumb,

Secretary.

[FR Doc. 84-12688 Filed 5-17-84; 8:45 am]

BILLING CODE 6717-01-M

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of the Assistant Secretary for Housing—Federal Housing Commissioner

Government National Mortgage Association

24 CFR Part 221

[Docket No. N-84-1388; FR-1961]

Low-Cost and Moderate Income Mortgage Insurance; Agreement Between the Government National Mortgage Association and the Assistant Secretary for Housing—Federal Housing Commissioner

AGENCY: Assistant Secretary for Housing-Federal Housing Commissioner, HUD; Government National Mortgage Association, HUD.

ACTION: Rule-related notice.

SUMMARY: On February 10, 1984, the President of the Government National Mortgage Association and the Assistant Secretary for Housing-Federal Housing Commissioner entered into an agreement to amend the contracts of insurance for mortgages which are insured under section 221 of the

National Housing Act under a commitment to insure issued on or before November 30, 1983 and held or acquired by GNMA as mortgagee on or after April 1, 1984. The agreement terminates GNMA's section 221(g)(4) option of assigning current mortgages to HUD after twenty years. On or after April 1, 1984 neither GNMA, nor its successors or assigns, may assign any such mortgage to the Secretary of HUD under section 221(g)(4). The Department is publishing this document as a general notice, because the amended contracts will affect future purchasers of GNMA-held mortgages.

EFFECTIVE DATE: April 1, 1984.

FOR FURTHER INFORMATION CONTACT: Robert P. Kalish, GNMA, Office of Mortgage Finance, Room 6204, (202) 755-5593; Conrad Egan, Office of Multifamily Housing Management, Room 6164, (202) 755-5216; Alan Kappeler, Office of Single Family Housing, Room 9278, (202) 755-3046; Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, D.C. 20410. (These are not toll-free numbers.)

SUPPLEMENTARY INFORMATION: Section 221(g)(4) of the National Housing Act (the Act), as originally enacted, provided that any mortgage which is insured under section 221 and which is not in default at the end of twenty years from the date the mortgage was finally endorsed for insurance may be assigned to HUD. Section 221(g)(4) was implemented by regulations in 24 CFR 221.255 for low cost homes and in 24 CFR 221.770–221.790 for multifamily housing projects. The regulations provide that the original credit instrument and the mortgage securing it must be assigned, transferred and delivered to HUD within one year following the twentieth anniversary of final endorsement in order for the Section 221(g)(4) assignment to be valid. The Act and HUD's regulations provide further that upon assignment, HUD will issue to the mortgagee ten year debentures at the Federal interest rate and in an amount equal to the unpaid principal balance of the mortgage plus accrued interest as of the date of the assignment.

Section 409 of the Housing and Urban-Rural Recovery Act of 1983 removed the authority of the Department to accept an assignment of mortgage under Section 221(g)(4) of the Act unless a commitment to insure the mortgage had been issued on or before November 30, 1983. For a notice explaining this change, *see*, 48 FR 54571. (December 5, 1983). For a rule implementing the change, *see*, 49 FR 12693, 12697 (March 30, 1984).

The language of 24 CFR 221.251 states that, with certain exceptions, the provisions of the contract of insurance which appear in 24 CFR Part 203, Subpart B apply to single family mortgages insured under section 221 of the Act. These provisions of Subpart B and the applicable sections of the Act are made binding by 24 CFR 203.257 to the same extent as if HUD and the mortgagees had executed a contract including these provisions and sections. Similarly, 24 CFR 221.751 states that, with certain exceptions, the provisions of the contract of insurance which appear in 24 CFR Part 207, Subpart B apply to multifamily mortgages insured under section 221 of the Act. These provisions of Subpart B and the applicable sections of the Act are made binding by 24 CFR 207.254(c) to the same extent as if HUD and the mortgagees had executed a contract including these provisions and sections. Therefore, the extinguishment of the Section 221(g)(4) assignment option for mortgages for which the commitment to insure was issued after November 30, 1983, is contractually binding on HUD and the mortgagees of such mortgages.

Under sections 305(h) and (j) of the act (12 U.S.C. 1720(h) and (j)), GNMA as mortgagee has purchased and for a time will continue to acquire mortgages insured under section 221 under FHA commitments to insure issued on or before November 30, 1983. To enable GNMA to sell its portfolio of current section 221 mortgages without causing the payment of claims under the insurance contract under section 221(g)(4), GNMA has agreed that neither GNMA, nor its successors or assigns, will exercise the mortgagee's section 221(g)(4) twentieth anniversary assignment option on or after April 1, 1984. To implement a Secretarial directive, the President of GNMA and the Assistant Secretary for Housing-Federal Housing Commissioner entered into an Agreement effective on February 10, 1984 which terminates the mortgagee's section 221(g)(4) twentieth anniversary assignment option for GNMA and its successors and assigns. In the event GNMA elects on or after April 1, 1984 to sell section 221 mortgages for which this assignment option has never been exercised, the mortgages will be sold without the section 221(g)(4) assignment option.

Thus, for all section 221 low cost home mortgages which are sold by GNMA on or after April 1, 1984, the following language shall be included in the assignment by GNMA to a mortgage purchaser:

> An Agreement effective on February 10, 1984 between the President of the Government National Mortgage Association and the Department of Housing and Urban Development's Assistant Secretary for Housing-Federal Housing Commissioner amends the contract of insurance for mortgages insured under section 221 of the National Housing Act (12 U.S.C. 1715*l*) pursuant to a commitment to insure issued on or before November 30, 1983, and held or acquired by GNMA as mortgagee on or after April 1, 1984, so as to delete therefrom and extinguish therein the mortgagee's section 221(g)(4) twentieth anniversary assignment option as recited in 24 CFR 211.255. Pursuant to said Agreement this mortgage is not, at any time on or after April 1, 1984, assignable to the Secretary of Housing and Urban Development under section 221(g)(4). The assignee agrees by its acceptance of this assignment to the deletion and extinguishment of said twentieth anniversary assignment option and irrevocably waives, for itself and its successors or assigns, any right that it may have to contest such deletions and extinguishment.

For all section 221 multifamily housing project mortgages which are sold by GNMA on or after April 1, 1984, the following language shall be included in the assignment by GNMA to a mortgage purchaser:

> An Agreement effective on February 10, 1984 between the President of the Government National Mortgage Association and the Department of Housing and Urban Development's Assistant Secretary for Housing—Federal Housing Commissioner amends the contract of insurance for each mortgage insured under section 221 of the National Housing Act (12 U.S.C. 1715*l*) pursuant to a commitment to insure issued on or before November 30, 1983, and held or acquired by GNMA as mortgagee on or after April 1, 1984, so as to delete therefrom and extinguish therein the mortgagee's section 221(g)(4) twentieth anniversary assignment option as recited in 24 CFR 221.770, 221.775, 221.780, 221.785 and 221.790. Pursuant to this Agreement this mortgage is not, at any time on or after April 1, 1984, assignable to the Secretary of Housing and Urban Development under section 221(g)(4). The assignee agrees by its acceptance of this assignment to the deletion and extinguishment of said twentieth anniversary assignment option and irrevocably waives, for itself and its successors or assigns, any right that it may have to contest such deletions and extinguishment.

Dated: May 9, 1984.

Maurice L. Barksdale,

Assistant Secretary for Housing—Federal Housing Commissioner.

Warren Lasko,

Executive Vice President, Government National Mortgage Association.

[FR Doc. 84-13412 Filed 5-17-84; 8:45 am]

BILLING CODE 4210-27-M

Office of the Assistant Secretary for Community Planning and Development

24 CFR Part 570

[Docket No. R-84-1167; FR-1983]

Community Development Block Grants; Eligible Activities

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Final rule.

SUMMARY: This final rule implements recent statutory amendments respecting Community Development Block Grants eligible activities under title I of the Housing and Community Development Act of 1974. The amendments add the rehabilitation or development of housing assisted under section 17 of the United States Housing Act of 1937 as an eligible activity under title I.

EFFECTIVE DATE: June 26, 1984.

FOR FURTHER INFORMATION CONTACT: James R. Broughman, Director, Entitlement Cities Division, Office of Block Grant Assistance, Room 7282, telephone number (202) 755-9267 (This is not a toll-free number.) Written communications to Mr. Broughman should be sent to the Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, D.C. 20410.

SUPPLEMENTARY INFORMATION: The final rule implements section 302(a) of the Housing and Urban-Rural Recovery Act of 1983, Pub. L. No. 98-181 (the 1983 Act). This section adds an additional category of eligible activities to section 105(a) of the Housing and Community Development Act of 1974. That category of activities is "the rehabilitation or development of housing assisted under section 17 of the United States Housing Act of 1937" (the 1937 Act). Section 17 was enacted into law in section 301 of the 1983 Act.

The final rule adds this category to the statement of eligible activities for the Community Development Block Grant (CDBG) program at 24 CFR 570.201 (for development activities), 24 CFR 570.202 (for rehabilitation activities), and 24 CFR 570.206 (for general administrative costs).

The amendment would permit the use of CDBG funds for the construction or rehabilitation of housing assisted under section 17 of the 1937 Act. Those construction and rehabilitation costs that may be financed with CDBG funds under § 570.201(m) and § 570.202 include all costs eligible to be paid with funds provided under section 17 (i.e., those hard and soft costs for rehabilitation that may be financed with rental rehabilitation grant funds under 24 CFR 511.10(g); and those eligible uses of grant funds such as acquisition, construction, and related soft costs that may be financed with housing development grant funds under that program). In addition, staff and related activity delivery costs incurred by a grantee or a recipient of State CDBG funds in the direct implementation of section 17 assisted construction or rehabilitation, while not eligible costs under section 17, may be paid with CDBG funds under 24 CFR 570.201(m) or 570.202. General administrative expenses, such as overall management, preparing a section 17 application, and the costs of public consultation, while not eligible costs under section 17, may be paid with CDBG funds under 24 CFR 570.206 whether or not the grantee or recipient of State funds also uses CDBG funds for section 17 assisted activities under 24 CFR 570.201(m) or 570.202. This represents an exception to the general provision of 24 CFR 570.206, that general administrative costs with respect to activities are only eligible where the activities are assisted in whole or in part with Title I funds. As with other uses of CDBG funds under 24 CFR 570.206, however, general administrative costs for section 17 programs are costs subject to the 20 percent limit on CDBG planning and administrative expenditures.

The amendment, for the first time, permits the use of CDBG funds by units of general local government directly for the construction of new housing. Previously such activities could be conducted only be neighborhood-based nonprofit organizations, section 301(d) Small Business Investment Companies, and local development corporations under section 105(a)(15) of the Housing and Community Development Act of 1974, or under the provisions of 24 CFR Part 42, Subpart I.

As a matter of policy, the Department submits most of its rulemakings to public comment, either before or after effectiveness of the action. In this instance, however, the Secretary has determined that good cause exists for publishing this document as a final rule. Public procedure is believed to be unnecessary because each of the revisions to existing HUD regulations included in this document is being made solely for the purpose of implementing new statutory direction from Congress where the revised law is self-executing.

This rule does not constitute a major rule as that term is defined in section 1(b) of Executive Order 12291 on Federal Regulation issued on February 17, 1981. Analysis of the rule indicates that it does not (1) have an annual effect on the economy of $100 million or more; (2) cause a major increase in costs or prices for consumers, individual industries, Federal, State or local government agencies, or geographic regions; or (3) have a significant adverse effect on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations in 24 CFR Part 50, which implements section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4332. The Finding of No Significant Impact is available for public inspection during regular business hours in the Office of the General Counsel, Rules Docket Clerk, Room 10276, 451 Seventh Street, SW., Washington, D.C. 20410.

In accordance with 5 U.S.C. 605(b)(the Regulatory Flexibility Act), the Undersigned certifies that this rule does not have a significant economic impact on a substantial number of small entities. The rule merely implements statutory amendments and conforms regulatory provisions to statute, without imposing any new administrative or economic burdens on small entities.

This rule was not listed in the Department's Semiannual Agenda of Regulations published on April 19, 1984 (49 FR 15902) under Executive Order 12291 and the Regulatory Flexibility Act.

The catalog of Federal Domestic Assistance program numbers are:

14.218, Community Development Block Grants/Entitlement Grants;

14.219, Community Development Block Grants/Small Cities Program;

14.228, Community Development Block Grants/State's Program;

14.229, Community Development Block Grants/Secretary's Discretionary Fund

List of Subjects in 24 CFR Part 570

Community development block grants, Grant programs: Housing and community development, Loan programs: Housing and community development, Low and moderate income housing, New communities, Pockets of poverty, Small cities.

PART 570—[AMENDED]

Accordingly, the Department amends 24 CFR Part 570 as follows:

1. § 570.201 is amended to add a new paragraph (m) to read as follows:

§ 570.201 Basic eligible activities.

* * * * *

(m) *Construction housing.* CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

2. § 570.202(b) is amended to revise paragraph (b)(9) and add a new paragraph (b)(10) to read as follows:

§570 202 Eligible rehabilitation and preservation activities.

* * * * *

(b) * * *

(9) Rehabilitation services, such as rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities authorized under this section, under section 312 of the Housing Act of 1964, as amended, under section 819 of the Act, or under section 17 of the United States Housing Act of 1937;

(10) Assistance for the rehabilitation of housing under section 17 of the United States Housing Act of 1937.

3. § 570.206 is amended to add a new paragraph (h) to read as follows:

§ 570.206 Eligible administrative costs.

* * * * *

(h) *Section 17 of the United States Housing Act of 1937.* Reasonable costs equivalent to those described in paragraphs (a), (b), (d), (e), and (f) of this section for overall program development, management, coordination, monitoring, and evaluation, and similar costs associated with management of the Rental Rehabilitation and Housing Development programs authorized under section 17 of the United States Housing Act of 1937, whether or not such activities are otherwise financed in whole or in part with funds provided under this part.

Authority: Sec. 302(a), Housing and Urban-Rural Recovery Act of 1983 (42 U.S.C. 5305); Sec. 7(d), Department of Housing and Urban Development Act, (42 U.S.C. 3535(d)).

Dated: May 14, 1984.

Jack R. Stokvis,

General Deputy Assistant Secretary for Community Planning and Development.

[FR Doc. Filed 84-13413 Filed 5-17-84; 8:45 am]

BILLING CODE 4210-29-M

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[T.D. 79-58]

Effectively Connected Income of Foreign Corporations—Stock or Securities Attributable to U.S. Office

AGENCY: Internal Revenue Service, Treasury.

ACTION: Final regulation.

SUMMARY: This document provides a final regulation under section 864(c)(2) of the Internal Revenue Code of 1954, relating to the definition of U.S. source periodical income effectively connected with the conduct of a banking, financing, or similar business within the United States by a foreign corporation or nonresident alien individual. The regulation provides guidance to foreign banks with U.S. branch offices and to officers and employees of the Internal Revenue Service with respect to taxation of U.S. source interest and dividend income of foreign banks.

EFFECTIVE DATE: This regulation is effective for income includible in taxable years beginning on or after June 18, 1984, except that income received or accrued under a loan made by the taxpayer on or before May 18, 1984, or pursuant to a written binding commitment entered into on or before May 18, 1984, shall be governed by prior regulations.

FOR FURTHER INFORMATION CONTACT: Mary Frances Pearson of the Legislation and Regulations Division, Office of Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, D.C. 20224, Attention: CC:LR:T, 202-566-3289, not a toll-free call.

SUPPLEMENTARY INFORMATION:

Background

On November 4, 1982, the **Federal Register** published a proposed amendment to the Income Tax Regulations (26 CFR Part 1) under section 864(c)(2) of the Internal Revenue Code of 1954 (47 FR 49981). The amendment was proposed to conform the regulations to the legislative history of section 864(c)(2) and to prevent foreign banks from avoiding all U.S. tax on interest income generated by their U.S. branches. After consideration of all comments regarding the proposed amendment, that amendment is adopted as revised by this Treasury decision.

Discussion

Nonresident alien individuals and foreign corporations are subject to U.S. tax under section 1 or section 11 on net income effectively connected with the conduct of a trade or business in the United States. Section 864(c) provides two tests for determining whether U.S. source fixed or determinable income and capital gains are effectively connected with the conduct of a U.S. trade or business. One test is whether the income is derived from assets used or held for use in the U.S. trade or business. The second test is whether the activities of the U.S. trade or business are a material factor in the realization of the income.

Section 1.864-4(c)(5) of existing regulations provides special rules for determining whether U.S. source fixed or determinable income and capital gains are effectively connected with a U.S. banking, financing, or similar business. Under § 1.864-4(c)(5)(ii), if the stock or security giving rise to the U.S. source income, gain, or loss is attributable to the U.S. office and the stock or security meets the criteria set forth in § 1.864(c)(5)(ii) (*a*) or (*b*), the income, gain, or loss is effectively connected with the U.S. banking, financing, or similar business. Currently, a stock or security (including a note and other evidences of indebtedness) is attributable to a U.S. office only if (1) the U.S. office actively participates in the activities required to arrange the acquisition of the stock or security, and (2) the stock or security is held by or for the U.S. office and is recorded on its books and records.

The requirement that the stock or security be "booked" in the U.S. office in order for the income, gain, or loss arising from it to be effectively connected with the U.S. trade or business could be considered to be contrary to the legislative history of section 864(c)(2). H.R. Rep. No. 1450, 89th Cong., 2d Sess. 15 (1966); S. Rep. No. 1707, 89th Cong., 2d Sess. 19 (1966). This "booking" rule also provides a method for avoiding all U.S. tax on income generated solely by the efforts of the U.S. office in some circumstances.

The proposed amendment to § 1.864-4(c)(5)(iii) published on November 4, 1982, would continue to require the U.S. office to be an active participant in soliciting, negotiating, or performing other activities necessary to acquire the stock or security in order for the resulting income, gain, or loss to be effectively connected with the U.S. banking business. However, whether the stock or security is "booked" in the U.S.

office would no longer be a determinative factor, but would be one factor to be considered in determining if the U.S. office was an active participant.

The amendment to the regulations has been modified in response to comments. One comment asked what importance would be placed on "booking" as a factor in determining whether a stock or security was attributable to a U.S. office. To clarify that the office in which a stock or security is "booked" is not controlling, that factor has been added to those of limited importance listed in §1.864-4(c)(5)(iii)(*b*).

Other comments suggested that the standard for attribution of stock or securities to a U.S. office had been changed by the deletion of the word "only" before the active participation test. No such change was intended and the active participation of the U.S. office continues to be required in order for the stock or security to be attributed to the U.S. office. To avoid confusion, the word "only" has been reinserted in the final regulation.

Several comments also requested guidance on the level of activities of the U.S. office that would constitute "active participation". To clarify that incidental activities would not result in attribution of the stock or security to the U.S. office, the final regulations require active and material participation in the activities necessary to acquire the stock or security.

In response to comments requesting guidance through an example and asking if the conclusion of Revenue Ruling 75-253, 1975-1 C.B. 203, would be applied to similar facts involving U.S. source income, an example has been added to § 1.864-4(c)(5)(vii) based generally on the fact situation in Rev. Rul. 75-253.

Two comments were critical of the proposed effective date to the extent the amendment would be applied to income arising from loans made by the taxpayer prior to publication of the notice of proposed rulemaking, as the terms of such loans were negotiated on the basis of the regulation then in effect. The effective date of the final regulation has been modified so that the amendment will not apply to income from loans made by the taxpayer on or before May 18, 1984, or pursuant to a written binding commitment entered into on or before May 18, 1984. The amendment is effective for other income includible by the taxpayer in taxable years beginning on or after June 18, 1984.

Two comments requested that the regulation adopt a rule that if stock or securities are booked in the U.S. office, they will be attributed to the U.S. office. This suggestion was not adopted, as the rationale for the active and material participation test is that a sufficient nexus must exist between the income and the activities of the U.S. office in order for the income to be effectively connected with a U.S trade or business and to be taxed on a net basis.

One comment requested assurance that the amendment would not affect the tax treatment of U.S. source income of foreign banks that have U.S. representative offices but do not have a banking, financing, or similar business in the United States. As § 1.864-4(c)(5) only applies to U.S. source income of a nonresident alien individual or foreign corporation engaged in a banking, financing, or similar business in the United States, no modification of the amendment is necessary.

Comments relating to other regulation provisions were also received. These suggested changes were outside the scope of the notice of proposed rulemaking and, therefore, were not adopted in this Treasury decision.

Regulatory Flexibility Act and Executive Order 12291

The amendment to the regulations proposed by the notice of proposed rulemaking published on November 4, 1982, and adopted by this Treasury decision is interpretative. Therefore, the Regulatory Flexibility Act (5 U.S.C. chapter 6) did not apply to the notice of proposed rulemaking. The Commissioner of Internal Revenue has determined that this final regulation is not subject to Executive Order 12291.

Drafting Information

The principal author of this regulation is Mary Frances Pearson of the Legislation and Regulations Division of the Office of Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing this regulation, both on matters of substance and style.

List of Subjects in 26 CFR §§ 1.861-1 Through 1.997-1

Income taxes, Aliens, Exports, DISC, Foreign investment in U.S., Foreign tax credit, Sources of income, United States investments abroad.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR Part 1 is amended as follows:

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Section 1.864-4 is amended by revising paragraph (c)(5)(iii) and by adding Example (5) immediately after Example (4) of paragraph (c)(5)(vii), the revised and added provisions to read as follows:

§ 1.864-4 U.S. source income effectively connected with U.S. business.

* * * * *

(c) *Fixed or determinable income and capital gains*— * * *

(5) *Special rules relating to banking, financing, or similar business activity*— * * *

(iii) *Stocks or securities attributable to U.S. office*—(*a*) *In general.* For purposes of paragraph (c)(5)(ii) of this section, a stock or security shall be deemed to be attributable to a U.S. office only if such office actively and materially participated in soliciting, negotiating, or performing other activities required to arrange the acquisition of the stock or security. The U.S. office need not have been the only active participant in arranging the acquisition of the stock or security.

(*b*) *Exceptions.* A stock or security shall not be deemed to be attributable to a U.S. office merely because such office conducts one or more of the following activities:

(*1*) Collects or accounts for the dividends, interest, gain, or loss from such stock or security,

(*2*) Exercises general supervision over the activities of the persons directly responsible for carrying on the activities described in paragraph (c)(5)(iii)(*a*) of this section,

(*3*) Performs merely clerical functions incident to the acquisition of such stock or security,

(*4*) Exercises final approval over the execution of the acquisition of such stock or security, or

(*5*) Holds such stock or security in the United States or records such stock or security on its books or records as having been acquired by such office or for its account.

(*c*) *Effective date.* This paragrpah (c)(5)(iii) shall be effective for income includible in taxable years beginning on or after June 18, 1984, except that 26 CFR 1.864-4 (c)(5)(iii) as it appeared in the Code of Federal Regulations revised as of April 1, 1983, shall apply to income received or accured under a loan made by the taxpayer on or before May 18, 1984, or pursuant to a written binding commitment entered into on or before May 18, 1984.

* * * * *

(vii) *Illustrations.* * * *

Example (5). Foreign corporation *Y*, which is created under the laws of foreign country X and is engaged in the active conduct of a banking business in country X and other foreign countries, has a branch, *C*, in the United States that is engaged in the active conduct of a banking business in the United States, within the meaning of paragraph (c)(5)(i) of this section, during the taxable year. *C* handles the negotiation and acquisition of securities involved in loans made by *Y* to U.S. persons. *C* also presents interest coupons with respect to such securities for payment, presents all such securities for payment at maturity, and maintains compete photocopy files with respect to such securities. The activities of the office of *Y* in country X with respect to these securities consist of giving pro forma approval of the loans, storing the original securities, and recording the securities on the books of the country X office. Pursuant to paragraphs (c)(5)(ii) and (c)(5)(iii) of this section, the U.S. source interest income received by *Y* during the taxable year on these securities is effectively connected for such year with the active conduct by *Y* of a banking business in the United States.

This Treasury decision is issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

Roscoe L. Egger, Jr.,

Commissioner of Internal Revenue.

Approved: August 18, 1983.

Ronald A. Pearlman,

Acting Assistant Secretary of the Treasury.

[FR Doc. 84-13485 Filed 5-17-84; 8:45 am]

BILLING CODE 4830-01-M

DEPARTMENT OF LABOR

Office of the Assistant Secretary for Labor-Management Relations

29 CFR Part 220

Airline Employee Protection Program; Rehire Program; Display of Office of Management and Budget Control Numbers Assigned to Collection of Information Contained in the Regulations

AGENCY: Office of Labor-Management Relations Services, Labor.

ACTION: Technical amendment.

SUMMARY: This amendment sets forth the information collection control numbers assigned by the Director of the Office of Management and Budget (OMB) for regulations to implement the first-right-of-hire provisions of the Airline Deregulation Act of 1978 (ADA), the Rehire Program. The Paperwork Reduction Act requires display of an OMB control number on all information collection provisions.

DATE: This technical amendment is effective May 17, 1984.

FOR FURTHER INFORMATION CONTACT: Jeffrey Salzman, Airline Employee Protection Program, Division of Employee Protections, Room N5633, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, D.C. 20210.

SUPPLEMENTARY INFORMATION: Part 220 of Title 29 of the Code of Federal Regulations provides for the collection of certain information by the Office of Labor-Management Relations Services of the Department of Labor.

Under the provisions of the Paperwork Reduction Act of 1980 [Pub. L. 96-5111], OMB has assigned the following control number to the information collection requirements in 29 CFR Part 220 listed below.

Text of Amendment

PART 220—[AMENDED]

Following the text of each section cited in the following table, add parenthetically the OMB number listed:

Regulatory citation	OMB No.
29 CFR 220.23, 220.25(a), 220.27(a), and 220.28(a)	1214-0002

Signed at Washington, D.C. this 14th day of May 1984.

Raymond J. Donovan,

Secretary of Labor.

[FR Doc. 84-13393 Filed 5-17-84; 8:45 am]

BILLING CODE 4510-29-M

29 CFR Part 220

Airline Employee Protection Program Rehire Program; Effective Date of the Rehire Program

AGENCY: Office of Labor-Management Relations Services, Labor.

ACTION: Notice of effective date of the rehire program.

SUMMARY: This notice sets forth the effective date for regulations to implement the first-right-of-hire provisions of the Airline Deregulation Act of 1978 (ADA), the Rehire Program. Final regulations for the Rehire Program were submitted to Congress on November 17, 1984, pursuant to section 43(f)(3) of the ADA, which provided that the regulations would become effective 60 legislative days after submission to Congress. Section 43(f)(4) of the ADA defines a legislative day as a day when both House of Congress are in session. The regulations were published in the Federal Register, vol. 48, No. 226 (November 22, 1984), pp. 52854-52865.

EFFECTIVE DATE: May 17, 1984.

FOR FURTHER INFORMATION CONTACT: Jeffrey Salzman, Airline Employee Protection Program, Division of Employee Protections, Room N5633, U.S. Department of Labor, 200 Constitution Avenue, NW., Washington, D.C. 20210.

SUPPLEMENTARY INFORMATION: Final regulations for the Rehire Program were submitted to Congress on November 17, 1984, pursuant to section 43(f)(3) of the ADA, which provided that the regulations would become effective 60 legislative days after submission to Congress. Section 43(f)(4) of the ADA defines a legislative day as a day when both Houses of Congress are in session.

The regulations were published in the **Federal Register**, vol. 48, No. 226 (November 22, 1984), pp. 52854-52865.

Signed at Washington, D.C. this 14th day of May 1984.

Raymond J. Donovan,

Secretary of Labor.

[FR Doc. 84-13394 Filed 5-17-84; 8:45 am]

BILLING CODE 4510-29-M

29 CFR Part 220

Airline Employee Protection Program

AGENCY: Office of Labor-Management Relations Services, Labor.

ACTION: Technical amendment.

SUMMARY: This document amends the Rehire Program regulations to change references from the Assistant Secretary for Labor-Management Relations and the Labor-Management Services Administration (LMSA) to the Deputy Under Secretary for Labor-Management Relations and Cooperative Programs and Office of Labor-Management Relations Services. This technical amendment is made to conform the regulations to an organizational change within the Department of Labor in which the Airline Employee Protection Program and its parent organizations, the Division of Employee Protections and the Office of Labor-Management Relations Services, are moved from LMSA to the Office of the Secretary under the Deputy Under Secretary for Labor-Management Relations and Cooperative Programs. This reorganization is being carried out pursuant to Secretary's Order 3-84.

EFFECTIVE DATE: This amendment is incorporated into the Rehire Program regulations, 29 CFR Part 220, and becomes effective when that part