ing prior to the effective date of the registration statement between a selling security holder and a broker or dealer. If the identity of such broker or dealer is not known prior to the effective date of the registration statement, the revised item does not require disclosure. However, brokers or dealers not named in the registration statement pursuant to revised Item 4(b)[2] nonetheless may be deemed statutory underwriters by virtue of their participation in the distribution.

Commission action. Pursuant to authority in the provisions of the Securities Act of 1933 mentioned below, the Commission hereby amends section 239.27 of Chapter II of Title 17 of the Code of Federal Regulations by adding new Items 2 and 3, redesignating old Items 2 through 9 as new Items 4 through 11, and amending redesignated Item 4. The new Items 2 and 3 and the amendments to redesignated Item 4 (formerly Item 2) of § 239.27 of Chapter II of Title 17 of the Code of Federal Regulations will read as follows:

I. ITEM 2—DISTRIBUTION SPREAD

The information called for by the following table shall be given in substantially the tabular form indicated, on the outside front cover page of the prospectus as to all securities to be registered (estimated, if necessary).

	Price to public	Underwriting discounts and commissions	Proceeds to registrant or other persons
Per unit			
Total			

Instructions. 1. Only commissions paid by the registrant or selling security holders in cash are to be included in the table. Commissions paid by other persons, and other consideration to the underwriters, shall be set forth following the table with a reference thereto in the second column of the table. Any finder's fee or similar payments shall be appropriately disclosed.

2. If it is impracticable to state the price to the public, the method by which it is to be determined shall be explained. In addition, if the securities are to be offered at the market, or if the offering price is to be determined by a formula related to market prices, indicate the market involved and the market price as of the latest practicable date.

3. If any of the securities to be registered are to be offered for the account of security holders, refer on the first page of the prospectus to the information called for by Item 5.

II. ITEM 3—PLAN OF DISTRIBUTION

(a) If the securities to be registered are to be offered through underwriters, give the name of the principal underwriters, and state the respective amounts underwritten. Identify each such underwriter having material relationship to the registrant and state the nature of the relationship. State briefly the nature of the underwriters' obligation to take the securities.

Instruction. All that is required as to the nature of the underwriters' obligation is whether the underwriters are or will be committed to take and to pay for all of the securities if any are taken, or whether it is merely an agency or "best efforts" arrangement under which the underwriters are required to take and pay for only such securities as they may sell to the public. Conditions precedent to the underwriters' taking the securities, including "market-outs," need not be described except in the case of an agency or "best efforts" arrangement.

(b) State briefly the discounts and commissions to be allowed or paid to dealers, including all cash, securities, contracts or other consideration to be received by any dealer in connection with the sale of the securities.

Instruction. If any dealers are to act in the capacity of subunderwriters and are to be allowed or paid any additional discounts or commissions for acting in such capacity, a general statement to that effect will suffice without giving the additional amounts to be so paid.

(c) Outline briefly the plan of distribution of any securities to be registered which are to be offered otherwise than through underwriters.

III. ITEM 4—SECURITIES TO BE OFFERED AND MANNER OF OFFERING

* * * * *

(b) If the securities are to be offered for the account of any person or persons other than the issuer, describe the plan of distribution proposed to be used. If there are any arrangements or understandings prior to the effective date of the registration statement between a selling security holder and a broker or dealer, identify such broker or dealer, state the amount to be offered by such broker or dealer, and describe such agreement or understanding.

* * * * *

The foregoing action, which has been taken pursuant to the Securities Act of 1933, particularly sections 6, 7, 10, and 19 (a) thereof, shall become effective March 31, 1973, except that any issuer which meets the requirements for the use of the form may, at its option, use such amended form for a registration statement filed prior to that date. The Commission finds that the amendments to Form S-16 relieve restrictions and reduce filing burdens on registrants and clarify the disclosures required if the form is utilized for certain types of distributions and, accordingly, further notice and other rule making procedures pursuant to the Administrative Procedure Act (5 U.S.C. 552) are not necessary.

(Secs. 6, 7, 10, and 19(a), 48 Stat. 78, 81, 85, 205, 209, 48 Stat. 906, 908, sec. 1, 79 Stat. 1051, 15 U.S.C. 77f, 779, 77j, 77s)

By the Commission.

[SEAL] RONALD F. HUNT, *Secretary.*

JANUARY 5, 1973.

[FR Doc.73-1111 Filed 1-17-73;8:45 am]

[Release No. 34-9922]

PART 241—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND GENERAL RULES AND REGULATIONS THEREUNDER

Since Rule 15c3-3 (17 CFR 240.15c3-3) was adopted on November 10, 1972, the Commission's Division of Market Regulation has received a number of requests for interpretations of various provisions of the rule. Rule 15c3-3 requires, in acccordance with its terms, a reserve with respect to customer funds and obligates a broker or dealer to promptly obtain and thereafter maintain the physical possession or control of fully paid and excess margin securities of customers. Accordingly, the Commission is releasing today certain of the Division's interpretations of the rule in the interest of assisting brokers and dealers in complying with the rule's provisions. The interpretations herein are deemed controlling at this time.

Rule 15c3-3 represents the first comprehensive program undertaken by the Commission to provide regulatory safeguards over customers' funds and securities held by brokers and dealers. The Commission intends to monitor the rule's operation for the protection of investors and the public interest, and as a result of this monitoring may issue additional interpretations from time to time.

Set forth below are interpretations of the Division of specific paragraphs of the rule, including certain of the definitions contained therein.

Section 15c3-3(a)(1)—Definition of "Customer". For the purpose of defining a "Customer" the following interpretations apply:

1. A general partner is not a customer of the broker or dealer in which he is a general partner.

2. A special or limited partner is a customer of the broker or dealer in which he is a special or limited partner with respect to any account containing cash or securities other than those accounts which are part of the capital of the broker or dealer or are subordinated to the claims of creditors of the broker or dealer.

3. A director or principal officer is not a customer of the broker or dealer in which he is a director or principal officer. A principal officer means the president, executive vice president, treasurer, secretary, or any other person performing a similar function with such broker or dealer. Any other officer of the broker or dealer is a customer of such broker or dealer.

4. Except as stated above, a subordinated lender or other capital contributor is a customer with respect to cash or securities held by the broker or dealer which are not subordinated or otherwise part of the capital of the broker or dealer.

5. A joint account, custodian account, participation in a hedge fund or limited partnership, or similar type accounts or arrangements by a person who would be excluded from the definition of customer with persons includible in the definition of customer, is a customer's account; provided, however, any of the foregoing accounts or arrangements which are by contract, agreement or understanding or by operation of law, part of the capital of the broker or dealer or subordinated to the claims of creditors of the broker or dealer shall not be customer accounts.

Section 15c3-3(a)(5)—Definition of "Excess margin securities". The term "excess margin securities" as defined in the rule is interpreted to mean those securities carried in a customer's security

[2] Supra, footnote 1.

accounts having a market value in excess of 140 percent of the customer's net debit balance in such accounts. The net debit balance is determined by combining both debit and credit balances in all of a customer's security accounts exclusive of the credit balance in any bona fide short accounts after marking the short positions contained therein to the market. For the purposes of this paragraph only, when-issued transactions and unsettled security transactions in cash accounts will be ignored. The term "unsettled security transactions" is defined as unpaid for security purchases and as security sales where securities sold have not been received by the broker-dealer.

Section 15c3-3 (b) and (c)—Physical possession or control of securities. The rule requires a broker or dealer to take timely steps in good faith to establish physical possession or control of customers' fully paid and excess margin securities.

The rule permits same day receipt and redelivery (turnaround) of a security which is received as a result of the settlement of a transaction (same day receipt and redelivery does not include securities received as a recall from bank or stock loan, from safekeeping or from any control location), even if such security of such class and issuer are required for possession or control: *Provided,* That such turnaround does not create or increase a deficiency. It should be noted, however, that a broker-dealer must exercise due diligence to promptly obtain possession or control of fully paid and excess margin securities, including the taking of other steps prescribed by the rule for reducing or eliminating any deficiency. Further, the rule is interpreted to prohibit any delivery or removal of security that would create or increase a deficiency in the quantity of security by class and issuer required to be in possession or control of a broker or dealer. It is further interpreted that securities which are in-transit to or from depositories, correspondent brokers, banks, custodians, transfer agents, and clearing corporations which are otherwise good control locations pursuant to the terms of the rule shall be deemed to be under the control of the broker-dealer to the extent that such items shall have been in transit from or to the broker-dealer for no more than 5 business days. The books and records of the broker-dealer shall clearly account for such items. An "in-transit" account may be used for this purpose.

Section 15c3-3(d)—Requirement to reduce securities to possession or control. The time at which instructions must be issued to the cashiering section to acquire possession or control or the time at which such instructions may be released to the cashiering section are as follows:

(1) In the case of purchases of securities by customers; on or before the business day following settlement date or the business day following actual date of receipt of payment, whichever is later.

(2) In the case of sales of securities by customers; not earlier than the close of business on the third business day before settlement date, which is deemed to allow adequate time for processing securities for pending deliveries.

A broker or dealer shall be required to determine the deficiency or excess of securities required for possession or control on a daily basis as of the close of business on the preceding day. A broker or dealer shall take action, if any is required by the rule, no later than the business day following the day on which such determination is made.

A broker or dealer shall be required to print or include in a separate record or listing, the status of those securities which have either an excess or a deficit, and shall have available to determine the status of those securities which are neither in excess or deficit such books and records as may be necessary for verification.

The rule is interpreted to allow a broker or dealer to borrow securities needed for possession or control from another broker or dealer or from others rather than recall a security loaned, withdraw bank loan collateral or buy-in a dividend receivable. A broker or dealer may not borrow securities in lieu of other buy-in requirements in the rule such as fails to receive in excess of 30 days, short security differences and short in customer accounts in excess of 10 business days (paragraph (m)). Further, if instructions shall have been issued for the recall of a security loaned or for the withdrawal of collateral securities in a bank loan, a broker or dealer shall be permitted to make deliveries of that security to the extent that completion of such recall would create an excess, provided such security recalled is returned to the broker or dealer within 2 business days following the date of issuance of the instructions in the case of collateral securities in a bank loan and within 5 business days following the date of issuance of the instructions in the case of securities loaned.

It should be noted that the borrowing of securities for the purpose of their hypothecation in bank loan is prohibited under section 220.6H of Regulation T of the Board of Governors of the Federal Reserve System.

A broker or dealer may eliminate a deficiency in a given security required for possession or control by revising the selection of securities in margin accounts (market value not in excess of 140 percent of the total of the debit balance in the customer's account or accounts) representing collateral for customers' determination as to which securities within the permissible limits constitute margin securities and which securities constitute excess margin securities of customers or has made a revision thereof, the determination shall be clearly reflected in the records of the broker-dealer.

Section 15c3-3(e)—Special reserve bank account for the exclusive benefit of customers. Those brokers or dealers which make a weekly determination under the reserve formula will be permitted to net free credit and other credit balances in customers' security accounts (Formula—Item—1), with the debit balance in customers' cash and margin account, excluding unsecured debits and accounts doubtful of collection (Formula—Item—10), for the computations other than that as of the monthend. If the normal monthending day is other than that as of which a weekly computation would be made, only one computation will be required during the week, as of the monthending day. The monthend computation shall reflect customers' credit and debit balances separately, permitting, however, the combining of the balances in the several accounts of any one customer. Where customers' credit and debit balances are developed separately on a monthly basis, the amount of customers' unsecured debits and accounts doubtful of collection computed at that time may be used until the next monthly determination.

If customer balances are netted in weekly computations of the formula, to comply with the 1-percent reduction in debits requirement outlined in Note B(2) of the formula, a broker or dealer shall use in its weekly computations the amount of reduction to such debits which was applied at the previous monthend. In the event the netting of customers' balances on a weekly basis results in a credit, such credit will be increased by the amount of the 1-percent reduction computed as of the previous monthend.

The credit balance used in Item 1 of the formula is interpreted to include the net balance due to customers in non-regulated commodity accounts reduced by any deposits of cash or securities with any clearing organization or clearing broker in connection with the open contracts in such accounts.

The market value of securities lodged in firm bank loan for which the broker or dealer does not have a corresponding proprietary long position shall be included as a credit in Item 2 of the formula.

The formula—Exhibit A—allocation for certain firms. Items 3, 4, 11, and 12 of the formula, concerning fails to receive, fails to deliver, stock loans and stock borrowings, are applicable to customer transactions. If it is impractical or unduly burdensome to determine which fail to receive contracts and fail to deliver contracts relate to proprietary accounts versus customer accounts and which securities loaned and securities borrowed are for proprietary accounts or customer accounts, an appropriate allocation may be made on a conservative basis to accomplish maximum protection for customers. If an allocation is used with regard to the foregoing items, the broker or dealer should be able to demonstrate that the results so obtained regarding designations of customer versus proprietary positions would be comparable to those which would be obtained if the respective positions had been developed without the use of an allocation. If an allocation is required to determine proprietary versus customer positions, the broker or

dealer should make and maintain a record of each such allocation and preserve it in accordance with Rule 17a–4.

Debit balances and drafts receivable in the formula. The debit balance in Item 10 of the formula shall include the debit in a related draft receivable when immediate credit has not been received on draft shipments of securities purchased by customers, provided that the debit in the customer's account for the purchase of the securities so drafted has been eliminated.

The debit balance in Item 12 of the formula shall also include the debit balance in a related draft receivable when immediate credit has not been received on shipments to other brokers with draft attached, provided that the debit in the broker's fail to deliver account has been eliminated.

Section 15c3–3(m)—Completion of sell orders on behalf of customers. If a customer sells a security "short against the box" such order to execute shall be deemed to be a sale of a security which the seller does not own.

By the Commission.

[SEAL] RONALD F. HUNT, *Secretary.*

JANUARY 2, 1973.

[FR Doc.73–1087 Filed 1–17–73;8:45 am]

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

SUBCHAPTER C—DRUGS

PART 135a—NEW ANIMAL DRUGS FOR OPHTHALMIC AND TOPICAL USE

Famphur

The Commissioner of Food and Drugs has evaluated a supplemental new animal drug application (34–697V) filed by American Cyanamid Co., Post Office Box 400, Princeton, NJ 08540, proposing revised labeling for the safe and effective use of famphur as a pour-on cattle insecticide. The supplemental application is approved.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i)) and under authority delegated to the Commissioner (21 CFR 2.120), Part 135a is amended by adding a new section as follows:

§ 135a.43 Famphur.

(a) *Chemical name.* *O,O*-dimethyl *O*-[p-(dimethylsulfamoyl)phenyl] phosphorothioate.

(b) *Specifications.* The drug is in liquid form containing 13.2 percent famphur.

(c) *Sponsor.* See code No. 004 in § 135.501(c) of this chapter.

(d) *Special considerations.* Do not use on animals simultaneously or within a few days before or after treatment with drugs, pesticides, or chemicals.

(e) *Related tolerances.* See 40 CFR 180.233 under the chemical name.

(f) *Conditions of use.* (1) The drug is used as a pour-on formulation for the control of cattle grubs and to reduce cattle lice infestations.

(2) It is used at the rate of 1 ounce per 200 pounds body weight, not to exceed a total dosage of 4 ounces, applied from the shoulder to the tail head as a single treatment. It is applied as soon as possible after heel fly activity ceases. Do not use on lactating dairy cows or dry dairy cows within 21 days of freshening, calves less than 3 months old, animals stressed from castration, overexcitement or dehorning, sick or convalescent animals. Animals may become dehydrated and under stress following shipment. Do not treat until they are in good condition. Brahman and Brahman crossbreeds are less tolerant of cholinesterase-inhibiting insecticides than other breeds. Do not treat Brahman bulls.

(3) Do not slaughter within 35 days after treatment. Swine should be eliminated from area where run-off occurs.

Effective date. This order shall be effective January 18, 1973.

(Sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i))

Dated: January 11, 1973.

FRED J. KINGMA, *Acting Director, Bureau of Veterinary Medicine.*

[FR Doc.73–1072 Filed 1–17–73;8:45 am]

PART 135e—NEW ANIMAL DRUGS FOR USE IN ANIMAL FEEDS

Ipronidazole

The Commissioner of Food and Drugs has evaluated a supplemental new animal drug application (43–477V) filed by Hoffmann-La Roche, Inc., Nutley, N.J. 07110, proposing an amendment to the regulation for ipronidazole to provide for the manufacture of finished feeds from feed supplements that contain up to 0.025 percent of ipronidazole. The supplemental application is approved.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (sec. 512(i), 82 Stat. 347; 21 U.S.C. 360b(i)) and under authority delegated to the Commissioner (21 CFR 2.120), § 135e.56 is amended by adding a new paragraph (e) as follows:

§ 135e.56 Ipronidazole.

* * * * *

(e) *Special considerations.* Finished feed processed from seed supplements that contain up to 0.025 percent ipronidazole and that comply with the provisions of both this paragraph and paragraph (f) of this section are exempted from the requirements of section 512(m) of the act.

Effective date. This order shall be effective January 18, 1973.

(Sec. 512(i) 82 Stat. 347; 21 U.S.C. 360b(i))

Dated: January 11, 1973

FRED J. KINGMA, *Acting Director, Bureau of Veterinary Medicine.*

[FR Doc.73–1073 Filed 1–17–73;8:45 am]

Title 31—MONEY AND FINANCE

Chapter II—Fiscal Service, Department of the Treasury

SUBCHAPTER B—BUREAU OF THE PUBLIC DEBT

PART 344—REGULATIONS GOVERNING U.S. TREASURY CERTIFICATES OF INDEBTEDNESS—STATE AND LOCAL GOVERNMENT SERIES, U.S. TREASURY NOTES—STATE AND LOCAL GOVERNMENT SERIES, AND U.S. TREASURY BONDS—STATE AND LOCAL GOVERNMENT SERIES

Description and Subscription

Sections 344.1(b) (2) and (3) and 344.2 of Department of the Treasury Circular, Public Debt Series No. 3–72, Revised dated November 21, 1972 (31 CFR Part 344), have been amended and revised to read as follows:

§ 344.1 Description of securities.

* * * * *

(b) *Terms and rates of interest.* * * *

(2) *Notes.* The notes will be issued in multiples of $5,000 with periods of maturity fixed, at the option of the government body, from 1 year 6 months up to and including 7 years, or for any intervening half-yearly period. Each note will bear such rate of interest as the government body may designate: *Provided,* That it shall not be more than the current Treasury rate on a comparable maturity, reduced by one-eighth of 1 percent, on the date the subscription is submitted. The applicable Treasury rates will be determined by the Treasury not less often than monthly, and will be available at Federal Reserve Banks and Branches. Interest on the notes during the term to maturity will be paybale on a semiannual basis on interest payment dates requested in the subscription form. Final interest will be paid with the principal.

(3) *Bonds.* The bonds will be issued in multiples of $5,000 with periods of maturity fixed, at the option of the government body, from 7 years 6 months up to and including 10 years, or for any intervening half-yearly period. Each bond will bear such rate of interest as the government body may designate: *Provided,* That it shall not be more than the current Treasury rate on a comparable maturity, reduced by one-eighth of 1