thereafter be published continuously in the Airport/Facility Directory.

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Issued in Jamaica, New York on July 2, 2001.

Franklin D. Hatfield,

Manager, Air Traffic Division, Eastern Region.

[FR Doc. 01–18231 Filed 7–20–01; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 00–ANM–18]

Revision of Class E Airspace, Vernal, UT

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action revises the Class E airspace at Vernal, UT. Newly developed Area Navigation (RNAV) Standard Instrument Approach Procedure (SIAP) at the Vernal Airport made this action necessary. Additional Class E 700-feet and 1200-feet controlled airspace, above the surface of the earth is required to contain aircraft executing the RNAV SIAP at Vernal Airport.

EFFECTIVE DATE: 0901 UTC, September 6, 2001.

FOR FURTHER INFORMATION CONTACT: Brian Durham, ANM–520.7, Federal Aviation Administration, Docket No. 00–ANM–18, 1601 Lind Avenue SW., Renton, Washington 98055–4056: telephone number: (425) 227–2527.

SUPPLEMENTARY INFORMATION:

History

On April 10, 2001, the FAA proposed to amend Title 14 Code of Federal Regulations, part 71 (14 CFR part 71) by revising Class E airspace at Vernal, UT, in order to accommodate new RNAV SIAP's at Vernal Airport, Vernal, UT (66 FR 18575). This amendment provides Class E5 airspace at Vernal, UT, to meet current criteria standards associated with the SIAP. Interested parties were invited to participate in the rulemaking proceeding by submitting written comments on the proposal. A comment was received from the FAA, AVN–500, National Aeronautical Charting Office. A revision to the legal description as written in the Notice for Proposed Rule Making (NPRM) was required to amend a small discrepancy in the proposed action in order to make the airspace description easier to read and chart. The description is not referenced by Latitude and Longitude coordinates rather than as described by radials and DME.

The Rule

This amendment to Title 14 Code of Federal Regulations, part 71 (14 CFR part 71) revises Class E airspace at Vernal, UT, in order to accommodate a new SIAP to the Vernal Airport, Vernal, UT. This amendment revises Class E5 airspace at Vernal, UT, to meet current criteria standards associated with the RNAV and SIAP. The FAA establishes Class E airspace where necessary to contain aircraft transitioning between the terminal and en route environments. This rule is designed to provide for the safe and efficient use of the navigable airspace and to promote safe flight operations under Instrument Flight Rules (IFR) at the Vernal Airport and between the terminal and en route transition stages.

The area will be depicted on aeronautical charts for pilot reference. The coordinates for this airspace docket are based on North American Datum 83. Class E airspace areas extending upward from 700-feet or more above the surface of the earth, are published in Paragraph 6005, of FAA Order 7400.9H dated September 1, 2000, and effective September 16, 2000, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document will be published subsequently in the Order.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9H, Airspace Designations and Reporting Points, dated September 1, 2000, and effective September 16, 2000, is amended as follows:

Paragraph 6005 Class E Airspace Areas Extending Upward From 700-feet or More Above the Surface of the Earth

* * * * *

ANM UT E5 Vernal, UT [REVISED]

Vernal Airport, UT

(Lat. 40°26′28″ N., long. 109°30′35″ W.)

That airspace extending upward from 700-feet above the surface within a 8-mile radius of the Vernal Airport, and within 8 miles west and 4 miles east of the 167° bearing from the airport extending to 18.8 miles, and within 8 miles northeast and 5 miles southwest of the 120° bearing from the airport extending 20.3 miles; and that airspace extending upward to 1,200 feet above the surface bounded by a line beginning at lat. 40°30′00″ N., long. 109°46′00″ W.; thence to lat. 40°41′00″ N., long. 109°22′30″ W.; to lat. 40°11′00″ N., long 109°00′00″ W.; to 39°43′00″ N., long 109°00′00″ W.; to lat. 39°43′00″ N., long. 109°46′00″ W., to point of origin; excluding those portions within Federal Airways and Roosevelt, UT Class E airspace area.

* * * * *

Issued in Seattle, Washington, on July 19, 2001.

David B. Johnson,

Manager, Air Traffic Division, Northwest Mountain Region.

[FR Doc. 01–18236 Filed 7–20–01; 8:45 am]

BILLING CODE 4910–13–M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 210 and 211

[Release Nos. 33–7993; 34–44557; IC–25066; FR–50A]

Commission Policy Statement on the Establishment and Improvement of Standards Related to Auditor Independence

AGENCY: Securities and Exchange Commission.

ACTION: Policy statement.

SUMMARY: The Securities and Exchange Commission (''SEC'' or ''Commission'') today amended Financial Reporting Release No. 50 (''FRR 50'') to state that it will no longer look to the Independence Standards Board (''ISB'' or ''Board'') for leadership in establishing and improving auditor independence standards applicable to auditors of the financial statements of Commission registrants. The deliberations and conclusions of the ISB contributed significantly to the development of the Commission's new auditor independence regulations and disclosure requirements, which were adopted in November 2000. In light of the Commission's new auditor independence rules, the Commission believes that many of the issues that led to the creation of the ISB have been resolved, and that going forward the best method to assure the independence of auditors is for the Commission and its staff to enforce and interpret its new rules. In addition, the Commission notes the recent increase in public participation on the American Institute of Certified Public Accountants' (''AICPA'') Professional Ethics Executive Committee (''PEEC'') and encourages greater public membership on PEEC. The Commission staff, when appropriate, may work with the PEEC on discrete auditor independence issues. Standards previously adopted by the ISB and interpretations previously issued by the ISB will continue to be authoritative to the extent they do not conflict with the Commission's rules and interpretations. In making this amendment to FRR 50, the Commission reaffirms that maintaining the independence of auditors is crucial to the credibility of financial reporting and, in turn, the capital formation process.

EFFECTIVE DATE: August 22, 2001.

FOR FURTHER INFORMATION CONTACT: John M. Morrissey, Deputy Chief Accountant, or Samuel L. Burke, Associate Chief Accountant, Office of the Chief Accountant, at (202) 942–4400, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–1103.

SUPPLEMENTARY INFORMATION:

I. Background

The Federal securities laws reflect the importance of independent audits in protecting investors by requiring, or permitting the Commission to require, that financial statements filed with the Commission by public companies, investment companies, broker/dealers, public utilities, investment advisers, and others, be certified (or audited) by independent public accountants,[1] and by granting the Commission the authority to define the term ''independent.'' [2]

Since the Commission's creation in 1934, it consistently has emphasized the need for auditors to remain independent. The Commission's requirements are set forth in Rule 2–01 of Regulation S–X [3] and in the interpretations, guidelines and examples that are collected in Section 600 of the Codification of Financial Reporting Policies (''Codification'') entitled ''Matters Relating to Independent Accountants.'' [4] The Commission also makes publicly available the staff's written responses to requests for informal advice on its independence requirements.[5]

For approximately 60 years, the Commission developed and maintained its own auditor independence requirements.[6] In 1997, after several months of discussions with representatives of the accounting profession, the Commission determined that it would look to the ISB, a private sector body composed equally of members from the accounting profession and from the public, to take a leadership role in establishing and maintaining auditor independence standards. In FRR 50,[7] issued February 18, 1998, the Commission announced its endorsement of the ISB. In doing so, however, the Commission stated that it was not abdicating its authority to modify or supplement ISB standards, to bring enforcement actions, or to take such other action as it may deem appropriate. In addition, FRR 50 noted that before any ISB standard or interpretation that conflicted with an SEC rule or interpretation could take effect, the SEC would have to amend its regulations to remove the conflict. Because of the experimental nature of the ISB, the Commission also stated in FRR 50 that it would review the operations of the ISB as necessary or appropriate and evaluate, within five years, whether the framework of the ISB was serving the public interest and protecting investors.[8]

During its tenure, the ISB deliberated and provided guidance on several important auditor independence issues, including the need for communications on auditor independence issues among auditors, management, and audit committees,[9] and the impact on an auditor's independence of investments in mutual funds [10] and the retention by an audit client of a professional who formerly worked for the accounting firm.[11] The ISB members brought extensive and diverse business and professional experiences to the Board, and their discussions of these and other issues contributed significantly to the formulation of the Commission's new rules.[12]

In late 1999, the ISB members faced significant issues regarding the evolving alternative business structures being used by accounting firms and the nature and scope of non-audit services that the firms could perform for an audit client before they would be deemed to lack auditor independence. The public members of the ISB recognized that these were significant public policy issues that required input from a wider

[1] For example, items 25 and 26 of Schedule A to the Securities Act of 1933 (the ''1933 Act''), 15 U.S.C. 77aa(25) and (26), and 17(e) of the Securities Exchange Act of 1934 (the ''Exchange Act''), 15 U.S.C. 78q, expressly require that financial statements be audited by independent public or certified accountants. Sections 12(b)(1)(J) and (K) and 13(a)(2) of the Exchange Act, 15 U.S.C. 78*l* and 78m, 5(b)(H) and (I), 10(a)(1)(G), and 14 of the Public Utility Holding Company Act of 1935, 15 U.S.C. 79e(b), 79j, and 79n, 8(b)(5) and 30(e) of the Investment Company Act of 1940, 15 U.S.C. 80a–8 and 80a–29, and 203(c)(1)(D) of the Investment Advisers Act of 1940, 15 U.S.C. 80b–3(c)(1), authorize the Commission to require the filing of financial statements that have been audited by independent accountants. In accordance with these provisions, the Commission has required that independent accountants audit certain financial statements. *See, e.g.,* Article 3 of Regulation S–X, 17 CFR 210.3–01 *et seq.*

[2] Section 19(a) of the 1933 Act, 15 U.S.C. 77s(a), 3(b) of the Exchange Act, 15 U.S.C. 78c(b), § 20(a) of the Public Utility Holding Company Act of 1935, 15 U.S.C. 79t(a), and 38(a) of the Investment Company Act of 1940, 15 U.S.C. 80a–37(a), grant the Commission the authority to define accounting, technical, and trade terms used in each Act.

[3] 17 CFR 210.2–01 (2000).

[4] Financial Reporting Codification, Section 600, ''Matters Relating to Independent Accountants,'' reprinted in SEC Accounting Rules (CCH) ¶ 3,851, at 3,781.

[5] *See* FRR 33 (November 25, 1988) and FRR 4 (October 14, 1982). *See also,* Office of the Chief Accountant, ''Application of Revised Rules on Auditor Independence—Frequently Asked Questions'' (January 16, 2001), which is available on the Commission's web site: www.sec.gov.

[6] *See generally,* Office of the Chief Accountant, ''Staff Report on Auditor Independence'' (March 1994).

[7] Release Nos. 33–7507, 34–39676, IC–23029, FR–50 (February 18, 1998).

[8] *Id.*

[9] Independence Standards Board, Independence Standard No. 1, ''Independence Discussions with Audit Committees'' (January 1999) (''ISB No. 1'').

[10] Independence Standards Board, Independence Standard No. 2, ''Certain Independence Implications of Audits of Mutual Funds and Related Entities'' (December 1999) (''ISB No. 2'').

[11] Independence Standards Board, Independence Standard No. 3, ''Employment with Audit Clients'' (July 2000) (''ISB No. 3'').

[12] *See generally* ''Revision of the Commission's Auditor Independence Requirements,'' Release Nos. 33–7919; 34–43602; 35–27279; IC–24744; IA–1911; FR–56 (Nov. 21, 2000).

and more diverse audience than the ISB had been able to attract. These members, therefore, asked the Commission to assume this project.

The public ISB members' vision of the public interest in these issues was indeed correct. The Commission's rulemaking project generated approximately 3,000 comment letters and four days of public hearings in which the Commission heard directly the testimony of about 100 investors, accountants, lawyers, audit committee members, regulators, professional associations, and other witnesses.[13]

Although the Commission's rulemaking completely revised the Commission's auditor independence regulation, significant portions of the rule were built upon the foundation of the ISB's deliberations, draft documents, and standards. Upon completion of the Commission's rulemaking, it had addressed the vast majority of issues that had led to the creation of the ISB.

Following the Commission's rulemaking, the AICPA has begun a project to amend the ethics and independence rules established by its PEEC [14] to conform in several respects to the Commission's new rules.[15] Reducing the discrepancies between the Commission's and the profession's auditor independence regulations should reduce the confusion associated with having diverse standards and encourage compliance.

The AICPA Board of Directors and membership also voted to have public members (as opposed to members from the profession) comprise twenty-five percent of the PEEC membership, and to study whether additional public membership would be appropriate. The Commission believes that increased public participation on PEEC is essential to the credibility of the AICPA's independence and disciplinary processes and is hopeful that the AICPA Board will decide to further increase public participation on PEEC to achieve equivalent public and private representation.[16]

II. Amendment of Financial Reporting Release No. 50

After careful consideration, the Commission amends section II of FRR 50 in that the Commission no longer will look to the ISB to provide leadership in establishing, improving, or maintaining auditor independence standards applicable to the auditors of Commission registrants, and will not consider ISB principles, standards, interpretations, and practices established or issued after the date of this amendment as having substantial authoritative support for the resolution of auditor independence issues.

The Commission's new rules address many of the issues that led to the creation of the ISB. The ISB's remaining agenda may not be sufficient either to attract to the ISB the same exceptionally high caliber of individuals as those who served on the Board for the past four years or to justify the cost to the profession of maintaining the ISB. In light of the AICPA's increase in public representation on the PEEC and the AICPA's continuing study of whether additional public membership on PEEC would be appropriate, the Commission believes that, going forward and where appropriate, working with the PEEC on discrete issues provides an appropriate means to include the private sector in the process of maintaining and improving auditor independence requirements.

III. Continuing Authority of ISB Standards and Interpretations

The Commission will continue to consider ISB Standard Nos. 1, 2, and 3, and ISB Interpretations 00–1, 00–2, and 99–1, to have substantial authoritative support for the resolution of auditor independence issues.[17] In FRR 50, the Commission encouraged registrants and auditors to ask the ISB staff for assistance in interpreting the existing auditor independence regulations. FRR 50 stated, however, that, unless or until ratified by the ISB, positions issued by the ISB staff would not be considered to be authoritative with respect to anyone other than the particular party requesting the interpretation.[18] Accordingly, the Commission will continue to view positions issued by the ISB staff to a particular party before the effective date of this amendment to be authoritative, but only as to the party that requested the interpretation. Of course, compliance with ISB pronouncements does not relieve registrants and accounting firms from also having to comply with the Commission's auditor independence requirements.

IV. Regulatory Requirements

This general policy statement is not an agency rule requiring notice of proposed rulemaking, opportunities for public participation, or prior publication under the provisions of the Administrative Procedure Act (''APA'').[19] Similarly, the provisions of the Regulatory Flexibility Act,[20] which apply only when notice and comment are required by the APA or another statute, are not applicable. For the reasons explained above the Commission believes that this statement of policy is in the public interest, considering the protection of investors and the promotion of efficiency, competition, and capital formation and provides a sound basis for the Commission to make significant contributions to meeting the needs of investors and capital markets.

V. Codification Update

The ''Codification of Financial Reporting Policies'' announced in Financial Reporting Release No. 1 (April 15, 1982) is amended as follows:

Delete the current text in Section 601.04, which appears under the caption ''Statement of Policy on the Establishment and Improvement of Standards Related to Auditor Independence,'' and replace it with the

[13] The Commission's proposing and adopting releases, comment letters submitted electronically, and copies of the testimony at the Commission's public hearings are available at the Commission's web site: *www.sec.gov.*

[14] Among other things, PEEC develops the AICPA's standards of ethics and independence, promotes understanding and voluntary compliance with such standards, establishes and presents charges of violations of the standards to the Joint Trial Board for disciplinary action, and works to improve the profession's enforcement procedures.

[15] *See* AICPA, ''Omnibus AICPA Proposal of Professional Ethics Division Interpretations and Rulings'' (April 16, 2001).

[16] Other countries have mandated public participation on such committees. For example, in the United Kingdom the Department of Trade and Industry, with the support of the accounting profession, has instituted a new regulatory framework for the accountancy profession that includes a new Ethics Standards Board. Under that framework, at least sixty percent of the Ethics Standards Board is to be independent from the profession—that is, not themselves subject to the disciplinary procedures of the accountancy bodies. Further, members of the profession have indicated their support for increased public participation on the PEEC. *See* Arthur Andersen press release dated November 15, 2000, ''* * * With respect to the profession's self-regulation, we believe that public participation is positive and beneficial. We support efforts to continue to expand such public participation. To that end, we will work hard to achieve equivalent public and profession participation on the AICPA's Profession Ethics Executive Committee.'' *See* Deloitte & Touche statement dated November 15, 2000, ''* * * We believe that the recent addition by the AICPA of public members to the PEEC is an appropriate and positive step toward enhancement of the profession's governance process. We support continued review of the benefits of further expanding public membership in the profession's Ethics Committee.'' *See* Joint statement issued by the AICPA, Arthur Andersen, LLP, Deloitte & Touche, LLP and KPMG, LLP, ''* * * We believe that substantially increased public participation on the PEEC would be both appropriate and beneficial * * *''.

[17] *See also* ''Revision of the Commission's Auditor Independence Requirements'' Release. Nos. 33–7919; 34–43602; 35–27279; IC–24744; IA–1911; FR–56 (Nov. 21, 2000) at n. 168 (discussing the Commission's interpretation of ISB Standard No. 1).

[18] FRR 50 at n.11.

[19] 5 U.S.C. 553.

[20] 5 U.S.C. 601–602.

text in sections I, II, and III of this release.

The Codification is a separate publication of the Commission. It will not be published in the **Federal Register**/Code of Federal Regulations.

Dated: July 17, 2001.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–18261 Filed 7–20–01; 8:45 am]

BILLING CODE 8010–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 172

[Docket No. 99F–2533]

Food Additives Permitted for Direct Addition to Food for Human Consumption; Change in Specifications for Gum or Wood Rosin Derivatives in Chewing Gum Base

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the food additive regulations to provide for a change in the softening point specifications of currently listed gum or wood rosin derivatives and to provide for their safe use as plasticizing materials (softeners) in chewing gum base. This action is in response to a petition filed by Hercules, Inc.

DATES: This rule is effective July 23, 2001. Submit written objections and requests for a hearing by August 22, 2001.

ADDRESSES: Submit written objections to the Dockets Management Branch (HFA–305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852.

FOR FURTHER INFORMATION CONTACT: Mary E. LaVecchia, Center for Food Safety and Applied Nutrition (HFS–215), Food and Drug Administration, 200 C St. SW., Washington, DC 20204, 202–418–3072.

SUPPLEMENTARY INFORMATION:

I. Background

In a notice published in the **Federal Register** on August 5, 1999 (64 FR 42699), FDA announced that a food additive petition (FAP 9A4655) had been filed by Hercules, Inc., c/o 1001 G St. NW., Washington, DC 20001. The petition proposed to amend the food additive regulations in § 172.615 *Chewing gum base* (21 CFR 172.615) to permit a change in the softening point specifications of currently listed gum or wood rosin derivatives and provide for their safe use as plasticizing materials (softeners) in chewing gum base. More specifically, the petition proposed to eliminate the upper limits on the permissible softening point ranges for these gum or wood rosin derivatives.

The gum or wood rosin derivatives, which are the subject of this petition, include glycerol ester of partially dimerized rosin, glycerol ester of partially hydrogenated gum or wood rosin, glycerol ester of polymerized rosin, glycerol ester of gum rosin, pentaerythritol ester of partially hydrogenated gum or wood rosin, and pentaerythritol ester of gum or wood rosin. Specifications for rosin derivatives conforming to this regulation include a melting point range (for glycerol ester of polymerized rosin) or a drop softening point range for other derivatives. The petitioner is proposing to modify these specifications by listing only a minimum melting point or softening point.

II. Conclusion

FDA has evaluated the data in the petition and other relevant material. Based on this information, the agency concludes that the change in the melting point or softening point specifications for glycerol ester of partially dimerized rosin, glycerol ester of partially hydrogenated gum or wood rosin, glycerol ester of polymerized rosin, glycerol ester of gum rosin, pentaerythritol ester of partially hydrogenated gum or wood rosin, and pentaerythritol ester of gum or wood rosin is safe and that gum or wood rosin derivatives with the revised specifications will achieve their intended technical effect. Therefore, the agency concludes that the regulations in § 172.615 should be amended as set forth below.

In accordance with § 171.1(h) (21 CFR 171.1(h)), the petition and the documents that FDA considered and relied upon in reaching its decision to approve the petition are available for inspection at the Center for Food Safety and Applied Nutrition by appointment with the information contact person listed above. As provided in § 171.1(h), the agency will delete from the documents any materials that are not available for public disclosure before making the documents available for inspection.

III. Environmental Impact

The agency has carefully considered the potential environmental effects of this action. FDA has concluded that the action will not have a significant impact on the human environment, and that an environmental impact statement is not required. The agency's finding of no significant impact and the evidence supporting that finding, contained in an environmental assessment, may be seen in the Dockets Management Branch (address above) between 9 a.m. and 4 p.m., Monday through Friday.

IV. Paperwork Reduction Act of 1995

This final rule contains no collection of information. Therefore, clearance by the Office of Management and Budget under the Paperwork Reduction Act of 1995 is not required.

V. Objections

Any person who will be adversely affected by this regulation may at any time file with the Dockets Management Branch (address above) written objections by August 22, 2001. Each objection shall be separately numbered, and each numbered objection shall specify with particularity the provisions of the regulation to which objection is made and the grounds for the objection. Each numbered objection on which a hearing is requested shall specifically so state. Failure to request a hearing for any particular objection shall constitute a waiver of the right to a hearing on that objection. Each numbered objection for which a hearing is requested shall include a detailed description and analysis of the specific factual information intended to be presented in support of the objection in the event that a hearing is held. Failure to include such a description and analysis for any particular objection shall constitute a waiver of the right to a hearing on the objection. Three copies of all documents are to be submitted and are to be identified with the docket number found in brackets in the heading of this document. Any objections received in response to the regulation may be seen in the Dockets Management Branch between 9 a.m. and 4 p.m., Monday through Friday.

List of Subjects in 21 CFR Part 172

Food additives, Reporting and recordkeeping requirements.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs and redelegated to the Director, Center for Food Safety and Applied Nutrition, 21 CFR part 172 is amended as follows: