

Alternative Methods of Compliance

(e) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Engine Certification Office (ECO). Operators must submit their request through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, ECO.

Note 2: Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the ECO.

Special Flight Permits

(f) Special flight permits may be issued in accordance §§ 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the aircraft to a

location where the requirements of this AD can be accomplished.

Documents That Have Been Incorporated By Reference

(g) The inspection must be done in accordance with the following Rolls-Royce plc, mandatory service bulletins (MSB's):

Document No.	Pages	Revision	Date
MSB Tay 72-1442	1-3	1	December 19, 1997.
Appendix 1	1-2	1	December 19, 1997.
	3	Original	October 31, 1997.
Appendix 2	1	1	December 19, 1997.
Appendix 3	1	1	December 19, 1997.
Appendix 4	1	Original	October 31, 1997.
Total pages: 9			
MSB Tay-72-1447	1-5	2	July 25, 2000.
Total pages: 5			

This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from Rolls-Royce plc, Technical Publications Department, PO Box 31, Derby, England DE248BJ; telephone 44 1332 242424; fax 44 1332 249936. Copies may be inspected, by appointment, at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

Note 3: The subject of this AD is addressed in United Kingdom Civil Aviation Authority Airworthiness Directives 008-10-97 and 001-12-97.

Effective Date

(h) This amendment becomes effective on December 18, 2001.

Issued in Burlington, Massachusetts, on October 31, 2001.

Francis A. Favara,

Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.

[FR Doc. 01-28024 Filed 11-9-01; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF THE TREASURY**Bureau of Alcohol, Tobacco and Firearms****27 CFR Parts 40, 45, 70, and 295**

[T.D. ATF-469]

RIN 1512-AC42

Removal of Tobacco Products and Cigarette Papers and Tubes, Without Payment of Tax for Use of the United States; Recodification of Regulations (2000R-296P)

AGENCY: Bureau of Alcohol, Tobacco and Firearms (ATF), Department of the Treasury.

ACTION: Final rule (Treasury decision).

SUMMARY: The Bureau of Alcohol, Tobacco and Firearms (ATF) is recodifying the regulations in part 295—Removal of Tobacco Products and Cigarette Papers and Tubes, Without Payment of Tax for Use of the United States, title 27 of the Code of Federal Regulations (CFR). The purpose of this recodification is to reissue the regulations in 27 CFR part 295 as 27 CFR part 45. This change improves the organization of title 27 CFR.

DATES: This rule is effective on November 13, 2001.

FOR FURTHER INFORMATION CONTACT: Lisa M. Gesser, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue NW., Washington, DC 20226, (202-927-9347) or e-mail at LMGesser@atfhq.atf.treas.gov.

SUPPLEMENTARY INFORMATION:**Background**

As a part of continuing efforts to reorganize the part numbering system of

title 27 CFR, ATF is removing part 295 of title 27 CFR, in its entirety, and is recodifying the regulations as 27 CFR part 45. This change improves the organization of title 27 CFR.

In addition to the recodification, ATF is making a technical amendment to the newly redesignated part 45 that revises the Office of Management and Budget control number.

DERIVATION TABLE FOR PART 45

The requirements of:	Are derived from:
Subpart A	
Sec.: 45.1	Sec.: 295.1
Subpart B	
45.11	295.11
Subpart C	
45.21	295.21
45.22	295.22
45.23	295.23
45.24	295.24
45.25	295.25
Subpart D	
45.31	295.31
45.32	295.32
45.33	295.33
45.34	295.34
45.35	295.35
45.36	295.36
45.37	295.37
Subpart E	
45.41	295.41
45.42	295.42
45.43	295.43
45.44	295.44
45.45	295.45
45.45a	295.45a

DERIVATION TABLE FOR PART 45—
Continued

The requirements of:	Are derived from:
45.45b	295.45b
45.45c	295.45c
45.46	295.46
Subpart F	
45.51	295.51

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1995, Public Law 104–13, 44 U.S.C. Chapter 35, and its implementing regulations, 5 CFR part 1320, do not apply to this final rule because there are no new or revised recordkeeping or reporting requirements.

Regulatory Flexibility Act

Because no notice of proposed rulemaking is required for this rule under the Administrative Procedure Act (5 U.S.C. 553), the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) do not apply. We sent a copy of this final rule to the Chief Counsel for Advocacy of the Small Business Administration in accordance with 26 U.S.C. 7805(f). Assistant Chief Counsel commented that “these amendments are merely technical in nature and will not have a significant impact on a substantial number of small businesses.”

Executive Order 12866

This final rule is not a significant regulatory action as defined in Executive Order 12866. Accordingly, this final rule is not subject to the analysis required by this Executive Order.

Administrative Procedure Act

Because this final rule merely makes technical amendments and conforming changes to improve the clarity of the regulations, it is unnecessary to issue this final rule with notice and public procedure under 5 U.S.C. 553(b). Similarly, because of the nature of this final rule, good cause is found that it is unnecessary to subject this final rule to the effective date limitation of 5 U.S.C. 553(d).

Drafting Information

The principal author of this document is Lisa M. Gesser, Regulations Division, Bureau of Alcohol, Tobacco and Firearms.

List of Subjects*27 CFR Part 40*

Cigars and cigarettes, Claims, Electronic funds transfers, Excise taxes, Imports, Labeling, Packaging and containers, Reporting and recordkeeping requirements, Surety bonds, Tobacco.

27 CFR Part 45

Cigars and cigarettes, Excise taxes, Labeling, Packaging and containers, Reporting and recordkeeping requirements, Tobacco.

27 CFR Part 70

Administrative practice and procedure, Claims, Excise taxes, Freedom of information, Law enforcement, Penalties, Reporting and recordkeeping requirements, Surety bonds.

27 CFR Part 295

Cigars and cigarettes, Excise taxes, Labeling, Packaging and containers, Reporting and recordkeeping requirements, Tobacco.

Authority and Issuance

ATF is amending title 27 of the Code of Federal Regulations as follows:

PART 40—MANUFACTURE OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES

Paragraph 1. The authority citation for 27 CFR part 40 continues to read as follows:

Authority: 26 U.S.C. 5142, 5143, 5146, 5701, 5703–5705, 5711–5713, 5721–5723, 5731, 5741, 5751, 5753, 5761–5763, 6061, 6065, 6109, 6151, 6301, 6302, 6311, 6313, 6402, 6404, 6423, 6676, 6806, 7011, 7212, 7325, 7342, 7502, 7503, 7606, 7805; 31 U.S.C. 9301, 9303, 9304, 9306.

§§ 40.44, 40.234, 40.384 and 40.453 [Amended]

Par. 2. Remove the reference to “part 295” and add in its place a reference to “part 45” in the following places:

- a. Section 40.44;
- b. Section 40.234;
- c. Section 40.384; and
- d. Section 40.453.

PART 70—PROCEDURE AND ADMINISTRATION

Par. 3. The authority citation for 27 CFR part 70 continues to read as follows:

Authority: 5 U.S.C. 301 and 552; 26 U.S.C. 4181, 4182, 5146, 5203, 5207, 5275, 5367, 5415, 5504, 5555, 5684(a), 5741, 5761(b), 5802, 6020, 6021, 6064, 6102, 6155, 6159, 6201, 6203, 6204, 6301, 6303, 6311, 6313, 6314, 6321, 6323, 6325, 6326, 6331–6343,

6401–6404, 6407, 6416, 6423, 6501–6503, 6511, 6513, 6514, 6532, 6601, 6602, 6611, 6621, 6622, 6651, 6653, 6656–6658, 6665, 6671, 6672, 6701, 6723, 6801, 6862, 6863, 6901, 7011, 7101, 7102, 7121, 7122, 7207, 7209, 7214, 7304, 7401, 7403, 7406, 7423, 7424, 7425, 7426, 7429, 7430, 7432, 7502, 7503, 7505, 7506, 7513, 7601–7606, 7608–7610, 7622, 7623, 7653, 7805.

§ 70.431 [Amended]

Par. 4. Amend paragraph (b)(6) in § 70.431, by removing the reference to “Part 295” and adding in its place a reference to “Part 45”.

PART 295—REMOVAL OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES, WITHOUT PAYMENT OF TAX FOR USE OF THE UNITED STATES

Par. 5. The authority citation for 27 CFR part 295 continues to read as follows:

Authority: 26 U.S.C. 5703, 5704, 5705, 5723, 5741, 5751, 5762, 5763, 6313, 7212, 7342, 7606, 7805, 44 U.S.C. 3504(h).

Part 295 [Redesignated as 27 CFR Part 45]

Par. 6. Transfer 27 CFR part 295 from subchapter M to subchapter B and redesignate as 27 CFR part 45.

PART 45—REMOVAL OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES, WITHOUT PAYMENT OF TAX FOR USE OF THE UNITED STATES

Par. 7. The authority citation for the newly redesignated 27 CFR part 45 continues to read as follows:

Authority: 26 U.S.C. 5703, 5704, 5705, 5723, 5741, 5751, 5762, 5763, 6313, 7212, 7342, 7606, 7805, 44 U.S.C. 3504(h).

Editorial Note [Amended]

Par. 7a. Amend the “Editorial Note” following the table of contents by removing the reference to “part 295” and adding in its place a reference to “part 45”.

§ 45.34 [Amended]

Par. 8. Amend § 45.34 by removing the reference to “§ 295.36” and adding in its place a reference to “§ 45.36”.

§ 45.43 [Amended]

Par. 9. Amend § 45.43 by removing the Office of Management and Budget’s control number “1512–0488” and adding, in its place, “1512–0502.”

Signed: June 22, 2001.

Bradley A. Buckles,
Director.

Approved: August 23, 2001.

Timothy E. Skud,

*Acting Deputy Assistant Secretary
(Regulatory, Tariff and Trade Enforcement).*

[FR Doc. 01-28257 Filed 11-9-01; 8:45 am]

BILLING CODE 4810-31-P

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 356

[Department of the Treasury Circular, Public Debt Series No. 1-93]

Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds; Calculation of Net Long Position and 35 Percent Limit

AGENCY: Bureau of the Public Debt, Fiscal Service, Department of the Treasury.

ACTION: Final Rule.

SUMMARY: The Department of the Treasury ("Treasury," "We," or "Us") is issuing in final form an amendment to 31 CFR Part 356 (Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds). This amendment modifies the calculation of the net long position ("NLP") to be reported in "reopenings," which are auctions of additional amounts of previously issued securities. A bidder will have the option of subtracting from the holdings component of the NLP, combined with any STRIPS¹ principal components of the security being auctioned, an exclusion amount that Treasury will publish in the reopening offering announcement. The purpose of the modification is to ensure that participation in Treasury auctions remains both strong and broad.

EFFECTIVE DATE: November 13, 2001.

ADDRESSES: You may download this final rule from the Bureau of the Public Debt's website at www.publicdebt.treas.gov. It is also available for public inspection and copying at the Treasury Department Library, Room 1428, Main Treasury Building, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220. To visit the library, call (202) 622-0990 for an appointment.

FOR FURTHER INFORMATION CONTACT: Lori Santamorena (Executive Director),

Chuck Andreatta (Senior Financial Advisor), or Lee Grandy (Associate Director), Bureau of the Public Debt, Government Securities Regulations Staff, (202) 691-3632.

SUPPLEMENTARY INFORMATION: The Uniform Offering Circular, in conjunction with the offering announcement for each auction, provides the terms and conditions for the sale and issuance in an auction to the public of marketable Treasury bills, notes, and bonds.² One of these terms is the reporting of net long positions, which we use for limiting the amount that we will award to any one bidder in an auction ("the 35 percent rule"). In this document, we describe the rationale for this rule, and why we are changing it. We then discuss the public comments that we received in response to the Advance Notice of Proposed Rulemaking ("ANPR") published on July 25, 2001.³ Last, we describe the final amendment.

I. The 35 Percent Limit and its Rationale

The 35 percent rule generally limits auction awards for any one competitive bidder to 35 percent of the total amount offered to the public in a particular auction.⁴ This rule ensures that awards in our auctions are distributed to a number of auction participants. This principle of broad distribution is intended to encourage participation by a significant number of competitive bidders in each auction. Broad participation over time keeps our borrowing costs to a minimum and helps ensure that Treasury auctions are fair and competitive.

A key component of the 35 percent award limit is the NLP calculation.⁵ Currently, if a bidder has a reportable NLP, we subtract it from the 35 percent award limit in determining the bidder's maximum award amount for each auction.

The NLP is generally the amount of the security being auctioned that a bidder has obtained, or has arranged to obtain, outside of the auction in the secondary market. The term "net long" refers to the extent to which an investor has bought (or has agreed to buy) more of a security than it has sold (or has agreed to sell). The specific components of the NLP are intended to capture the various ways that a bidder can acquire a Treasury security. As defined in

§ 356.13(b), these components are the par amount of:

(1) Holdings of outstanding securities with the same CUSIP⁶ number as the security being auctioned;

(2) Positions, in the security being auctioned, in

(i) When-issued trading;⁷

(ii) Futures contracts that require delivery of the specific security being auctioned (but not futures contracts for which the security being auctioned is one of several securities that may be delivered, and not futures contracts that are cash-settled),

(iii) Forward contracts; and

(3) Holdings of STRIPS principal components of the security being auctioned, including when-issued trading positions of such principal components.

A competitive bidder is required to report its NLP if the sum of its bids plus its NLP equals or exceeds the NLP reporting threshold, currently \$2 billion for Treasury notes and bonds and \$1 billion for Treasury bills (unless otherwise stated in the offering announcement).⁸ If a bidder's total bids exceed the reporting threshold but the bidder either has no position or has a net short position, it must report an NLP of zero.

The application of the NLP reporting requirement and the 35 percent award limit in reopenings has caused us to re-examine the rule. In a reopening, we apply the 35 percent limit to the public offering amount of that specific auction, rather than to the total amount that will be outstanding after the settlement date of the reopening. Because a bidder must include any holdings of the security being auctioned in its NLP calculation, its participation in the reopening may be limited by its holdings. The bidder's award may be reduced—or it may receive no award—even though the bidder's portion of the total amount outstanding of the security may be under 35 percent once we issue the additional amount.

Reopenings are now more frequent because in February 2000 we adopted a

⁶ Committee on Uniform Securities Identification Procedures. The CUSIP number is the unique identifying number assigned to each separate security issue and each separate STRIPS component.

⁷ When-issued trading refers to trading in a security that occurs prior to its issuance. Payment and delivery for this trading activity occurs on the day we issue the securities, thus the term "when-issued." In the Treasury securities market, when-issued trading can begin as soon as we publicly announce the upcoming auction. When-issued trading aids the distribution process for Treasury securities. Most importantly for the auction process, when-issued trading serves as a price-discovery mechanism for competitive bidders.

⁸ 31 CFR 356.10, 356.13(a).

² The Uniform Offering Circular was published as a final rule on January 5, 1993 (58 FR 412). The circular, as amended, is codified at 31 CFR Part 356.

³ 61 FR 38600 (July 25, 2001).

⁴ 31 CFR 356.22(b).

⁵ 31 CFR 356.13.

¹ Separate Trading of Registered Interest and Principal of Securities.