Whether or not a food ingredient is used as a result of a determination that it is GRAS, or pursuant to a food additive regulation, or as a result of a prior sanction, the basis for such use should be a matter of public record. The Commissioner has therefore determined to expand Subpart E under Part 121, within which will be established regulations governing all prior-sanctioned direct and indirect food ingredients known to the Commissioner.

New scientific information requires, on occasion, that additional limitations be placed on the use of prior-sanctioned ingredients. Accordingly, the Commissioner has concluded that a procedure should also be established under which a regulation in Subpart E stating the existence of a prior sanction may be established or amended to impose limitations upon the use of the ingredient when scientific data justify such limitations.

As the first action under this proposed new subpart, the Commissioner proposes to issue a regulation for talc, which has a prior sanction for use in coating polished rice. This use was first approved in a food inspection decision issued under the Federal Food and Drugs Act of 1906, and was subsequently recognized in the standard of identity for enriched rice, § 15.525. Talc has also been listed as GRAS in § 121.101(h) for use in paper and paperboard used in dry food packaging, in § 121.101(i) for use in cotton and cotton fabrics used in dry food packaging, in an FDA opinion letter for use in chewing gum base, and in an FDA opinion letter for use as an antisticking agent in forms used in molding various food shapes.

Talc is a naturally occurring hydrous magnesium silicate without well-defined specifications or limitations. A recent publication (Science 173:1141–1142, September 17, 1971) identifies the presence of asbestos-form particles in talc used to coat rice. Independent laboratory investigation by the Food and Drug Administration has confirmed this report. A copy of the FDA report is on file with the Food and Drug Administration Hearing Clerk. Since asbestos, another form of natural magnesium silicate, is carcinogenic when inhaled and asbestos-form particles may therefore be injurious to health when ingested, and since talc can be processed to remove asbestos-form particles, it is prudent to require that talc which is to be used in the manufacture of food or food packaging be free of asbestos-form particles.

Therefore, pursuant to provisions of the Federal Food, Drug, and Cosmetic Act (secs. 201(s), 409, 701(a), 52 Stat. 1055 and 72 Stat. 1784–88, as amended; 21 U.S.C. 321(s), 348, 371(a) and under authority delegated to him (21 CFR 2.120), the Commissioner of Food and Drugs proposes to amend Part 121 as follows:

1. Section 121.101 is amended as follows:

a. Paragraphs (h) and (i) are amended by adding the phrase "free of asbestos-form particles" after the word "talc".

b. Paragraph (d)(8) is amended by adding the following entry in alphabetical sequence:

§ 121.101 Substances that are generally recognized as safe.

Agreement CAB 23184	Resolution	Title
R-1	002	Revalidation Resolution—Sales Agency Rules, Inclusive Tours Initiated by Tour Operators.
R-3	105(PAC)203 205 (PAC)203 305 (PAC)203 JT12 (6PAC)203 JT23 (6PAC)203 JT31 (6PAC)203 JT123 (6PAC)203.	Reduced Fares for Passenger Agents (Except U.S.A.) (Amending).

2. Subpart E of Part 121 is amended as follows:

a. The title of Subpart E is revised to read, "Subpart E—Prior-Sanctioned Food Ingredients".

b. Section 121.2001 is redesignated as § 121.2005 and §§ 121.2000 and 121.2006 are added to read as set forth below:

§ 121.2000 General.

(a) An ingredient whose use in food or food packaging is subject to a prior sanction or approval within the meaning of section 201(s)(4) of the act is exempt from classification as a food additive. The Commissioner will publish in this subpart all known prior sanctions. Any interested person may submit to the Commissioner a request for publication of a prior sanction, supported by evidence to show that it falls within section 201(s)(4) of the act.

(b) Based upon scientific data or information that shows that use of a prior-sanctioned food ingredient may be injurious to health, and thus is in violation of section 402(a)(1) of the act, the Commissioner will establish or amend the applicable prior sanction regulation to impose whatever limitations or conditions are necessary for the safe use of the ingredient, or to prohibit use of the ingredient.

§ 121.2006 Talc.

(a) Talc is a naturally occurring hydrous magnesium silicate for which no food grade specifications exist. Talc is subject to a prior sanction for use in coating polished rice.

(b) Talc containing asbestos-form particles may be injurious to health. Accordingly, any food or food packaging material containing talc that is not free of asbestos-form particles shall be deemed to be adulterated in violation of section 402(a)(1) of the Act.

Interested persons may, within 60 days after publication hereof in the FEDERAL REGISTER, file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 6–88, 5600 Fishers Lane, Rockville, Md. 20852, written comments (preferably in quintuplicate) regarding this proposal. Comments may be accompanied by a memorandum or brief in support thereof. Received comments may be seen in the above office during working hours, Monday through Friday.

Dated: August 1, 1972.

SAM D. FINE,
Associate Commissioner for Compliance.

[FR Doc.72-12714 Filed 8-11-72;8:45 am]

FEDERAL RESERVE SYSTEM

[12 CFR Part 226]

[Reg. Z]

TRUTH IN LENDING

Credit Cards; Issuance and Liability

1. Pursuant to the authority contained in the Truth in Lending Act (15 U.S.C. 1601 et seq.), the Board of Governors proposes to amend Part 226 (Regulation Z) in the manner and for the reasons set forth below:

Amend § 226.13 (a)(4) and (b) to read as follows:

§ 226.13 Credit cards—issuance and liability.

(a) *Supplemental definitions applicable to this section.* * * *

(4) *"Cardholder"* means any natural person or organization to whom a credit card is issued for personal, family, household, agricultural, business, or commercial purposes, or any natural person or organization who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person for such purposes.

* * * * *

(b) *Issuance of credit cards.* Regardless of whether a credit card is to be used for personal, family, household, agricultural, business, or commercial purposes, no credit card shall be issued to a natural person or organization except:

(1) In response to a request or application therefor, or

(2) As a renewal of, or in substitution for, an accepted credit card whether such card is issued by the same or a successor card issuer.

* * * * *

2. Considerable uncertainty has prevailed as to whether the exemption in § 226.3 of Regulation Z for extensions of credit for business and commercial purposes applies to the unsolicited issuance of credit cards and to the limits on liability for their unauthorized use. The purpose of these proposed amendments is to make clear that all credit cards, regardless of use or cardholder status, are covered by the maximum liability limit and, by the same token, may not be distributed without an initial request from the cardholder. These amendments would not affect the application of the business exemption to the disclosure, rescission, and advertising requirements of Regulation Z for which it was originally intended.

This notice is published pursuant to section 553(b) of title 5, United States

Code, and § 262.2(a) of the rules of procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2 (a)).

To aid in the consideration of these matters by the Board, interested persons are invited to submit relevant data, views, or arguments. Any such material should be submitted in writing to the Secretary, the Board of Governors of the Federal Reserve System, Washington, D.C. 20551, or to any Federal Reserve Bank for transmittal to the Board, to be received at the Board not later than September 15, 1972. Such material will be made available for inspection and copying upon request, except as provided in § 261.6(a) of the Board's rules regarding availability of information.

By order of the Board of Governors, August 3, 1972.

[SEAL] TYNAN SMITH,
Secretary of the Board.

[FR Doc.72-12578 Filed 8-11-72;8:49 am]

SECURITIES AND EXCHANGE COMMISSION

[17 CFR Part 240]

[Release No. 34-9706; File No. S7-451]

INSURANCE PREMIUM FUNDING PROGRAMS

Disclosure and Other Requirements When Extending or Arranging Credit

Notice is hereby given that the Securities and Exchange Commission has under consideration a proposal to amend Rule 15c2-5 (17 CFR 240.15c2-5) under the Securities Exchange Act of 1934 (Exchange Act) to provide that the disclosure and suitability determination requirements of section (a) of that rule would apply to credit extended or arranged for by a broker or dealer pursuant to section 4(k) of Regulation T (12 CFR 220.4(k)) promulgated by the Board of Governors of the Federal Reserve System (Board of Governors).

Rule 15c2-5 requires brokers and dealers to make certain written disclosures to customers prior to effecting securities transactions with them which would involve an extension or arrangement of credit other than that governed by Regulation T margin requirements. Among other things, the rule requires the disclosure of exact information as to the nature and extent of a customer's obligations, including the specific charges he would incur in each period during which the extension of credit would be continued, the risks and disadvantages which he would incur and the commissions and other remuneration which would be received by the broker or dealer or any other person participating in the transaction. In addition, the rule provides that the broker or dealer must make a determination as to the suitability of the security for the customer and that he deliver to the customer a written statement setting forth the basis upon which the broker or dealer made such determination.

Although the adoption of the rule was prompted by the development of arrangements commonly called "equity funding," "secured funding" or "life funding" programs (hereinafter called insurance premium funding programs), the rule was broadly worded to encompass other types of arrangements which would involve the borrowing of funds by customers in a manner other than by conventional margin securities transactions governed by Regulation T. Accordingly, to eliminate any possible ambiguity on the subject, an exception was included as paragraph (b) of the rule excluding extensions of or arrangements for credit made by brokers or dealers in compliance with the provisions of Regulation T.

Subsequently, on June 2, 1969, the Board of Governors added section 4(k) to Regulation T to include within the margin regulations of Regulation T credit arranged for or extended in connection with the sale of insurance premium funding programs by permitting brokers or dealers who were issuers or subsidiaries or affiliates of issuers of such programs to extend or arrange for the extension of credit in connection with such programs on specified terms. Moreover, on June 13, 1972,[1] the Board of Governors announced its proposal to amend the provisions of section 4(k) of Regulation T to permit brokers and dealers, other than issuers or subsidiaries or affiliates of such issuers of insurance premium funding programs, to engage in such credit extension and arranging activities.

In light of these adopted and proposed amendments, it would appear appropriate to clarify the continuing applicability of the salutary provisions of Rule 15c2-5 to the sale of insurance premium funding programs. This would be accomplished by including in paragraph (b) of the rule a proviso modifying the exception contained therein for any extensions of credit or loans arranged by a broker or dealer pursuant to Regulation T by excluding from that exception transactions in special insurance premium funding accounts within the meaning of section 4(k) of Regulation T.

Commission action. The Commission proposes to amend paragraph (b) of section 240.15c2-5 of Chapter II of Title 17 of the Code of Federal Regulations to read as follows:

§ 240.15c2-5 Disclosures and other requirements when extending or arranging credit in certain transactions.

* * * * *

(b) This section shall not apply to any credit extended or any loan arranged by any broker or dealer subject to the provisions of Regulation T (issued by the Board of Governors of the Federal Reserve System) if such credit is extended or such loan is arranged, in compliance with the requirements of such regulation, only for the purpose of purchasing or carrying the security offered or sold: *Provided, however,* That notwithstanding this paragraph, the provisions of paragraph (a) of this section shall apply in full force with respect to any transaction involving the extension of or the arrangement for credit by a broker or dealer in a special insurance premium funding account within the meaning of section 4(k) of Regulation T.

* * * * *

The proposed amendment would be adopted pursuant to the provisions of the Exchange Act and more particularly sections 15(c)(2) and 23(a) thereof. All interested persons are invited to submit their views and comments with respect to the proposed amendment, in writing, to Ronald F. Hunt, Secretary, Securities and Exchange Commission, 500 North Capitol Street, Washington, DC 20549, on or before September 20, 1972. All communications concerning the proposed amendment should refer to File No. S7-451. All such communications will be available for public inspection.

(Secs. 15(c)(2), 23(a), 48 Stat. 895, 901, 49 Stat. 1379, 15 U.S.C. 78o(c)(2), 78w)

By the Commission.

[SEAL] RONALD F. HUNT,
Secretary.

AUGUST 10, 1972.

[FR Doc.72-12731 Filed 8-11-72;8:47 am]

[1] 37 F.R. 11734.

[17 CFR Part 240]

[Release No. 34-9716]

MEMBERSHIP ON REGISTERED SECURITIES EXCHANGES FOR OTHER THAN PUBLIC PURPOSES

Notice of Proposed Rule Making

Introduction. The Securities and Exchange Commission, pursuant to authority vested in it under the Securities Exchange Act, and particularly sections 23(a) and 2, 6, 17, and 19 of that Act, is publishing for comment a rule requiring all present and future exchanges to restrict the utilization of exchange membership for other than public purposes. The substance of this rule previously had been the subject of a Commission request (see Attachment A) to all presently registered securities exchanges, pursuant to section 19(b) of the Securities Exchange Act, 15 U.S.C. 78s(b), to alter, modify, or supplement their rules. The Commission requested the adoption of this rule as part of its efforts to effectuate a viable central market system and to assure the protection of investors, fair dealing in securities on exchanges and the fair administration of exchanges. The Commission now is publishing for comment, along with the rule, certain related policy questions concerning the proposed rule.

The Commission believes that the rule proposed and the issues raised are matters of great significance, not only to the Nation's registered securities exchanges but also to the members of the securities industry, large and small institutional