proposed rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

[7 CFR Part 272]

[Amdt. No. 102]

FOOD STAMP PROGRAM

Proposed Rulemaking

Pursuant to the authority contained in the Food Stamp Act of 1964, as amended (78 Stat. 703, as amended; 7 U.S.C. 2011–2026), notice is hereby given that the Food and Nutrition Service, Department of Agriculture, proposes to amend Part 272 of its regulations governing the operation of the Food Stamp Program, 7 CFR 272. The proposed amendment is for the purpose of allowing the Food and Nutrition Service (FNS) to immediately withdraw the authorization of a participating firm which FNS finds no longer helps to further the purposes of the program, subject to the right to request administrative review. The regulations currently call for FNS to require a firm to submit a new application for authorization whenever FNS has reason to believe that the firm no longer qualifies for authorization, and then make the determination on whether to deny reauthorization. The Department intends to delete the provision requiring a new application since that step in the process is unnecessary.

Interested persons may submit written comments, suggestions, or objections regarding the proposed amendment to Nancy Snyder, Director, Food Stamp Division, Food and Nutrition Service, U.S. Department of Agriculture, Washington, D.C. 20250. In order to be sure of consideration, all submissions must be received not later than February 3, 1977.

All comments, suggestions, or objections received by this date will be considered before the final regulations are issued. Comments, suggestions, or objections will be open to public inspection pursuant to 7 CFR 1.27(b) at the Office of the Director during regular business hours (8:30 am to 5:00 pm) at 500 12th Street, S.W., Washington, D.C., Room 650.

It is proposed to amend § 272.1 by deleting paragraph (g), relettering paragraph (h) as paragraph (g), and adding a new paragraph (h). The new paragraph (h) would read as follows:

PART 272—PARTICIPATION OF RETAIL FOOD STORES, WHOLESALE FOOD CONCERNS, MEAL SERVICES AND BANKS

§ 272.1 Approval of retail food stores, wholesale food concerns, and meal services.

* * * * *

(h) FNS shall periodically review the nature and scope of participating firms' business. If FNS receives new or additional information about a firm involving any of the criteria set forth in paragraphs (b), (c), and (d) of this section, FNS shall make a determination as to whether the firm's continued participation serves to further the purposes of the program. FNS shall withdraw approval to participate if a determination is made that the firm does not qualify for continued participation. Any withdrawal of authorization shall be subject to administrative review under the provisions of § 272.8.

* * * * *

(78 Stat. 703, as amended, 7 U.S.C. 2011–2026)

(Catalog of Federal Domestic Assistance Programs, No. 10.551, National Archives Reference Services)

Dated: December 23, 1976.

RICHARD L. FELTNER,
Assistant Secretary.

[FR Doc.77–103 Filed 1–3–77;8:45 am]

Agricultural Stabilization and Conservation Service

[7 CFR Part 730]

1977 RICE CROP SET-ASIDE DETERMINATION PROGRAM

Section 101 (g) (5) (A) of the Agricultural Act of 1949, as amended, provides that the Secretary may require a set-aside of cropland for a crop of rice if he estimates (without taking into consideration the effect of a set-aside), that the carryover of rice for the marketing year beginning in the calendar year immediately following the calendar year in which such crop will be grown will exceed 15 per centum of the total supply of rice for the marketing year beginning in the calendar year in which such crop will be grown.

A notice that the Secretary was preparing to make a preliminary determination was published in the FEDERAL REGISTER November 26, 1976 (41 FR 52060, 52061) in accordance with the provisions of 5 U.S.C. 553. Data, views and recommendations were submitted pursuant to such notice and consideration given thereto to the extent permitted by law.

Fifty-one responses were received. Seventeen favored a return to the old program of acreage allotments and marketing quotas, 3 requested no government programs, and, of those commenting with regard to setaside, 18 were in favor of no set-aside while 13 were in favor of set-aside. After consideration of all responses along with other information available to the Department, the Secretary has preliminarily determined that a set-aside of cropland shall not be in effect for the 1977 crop of rice.

(Sec. 101, 63 Sta 1051, as amended (U.S.C. 1441)).

Under a market oriented approach to farm programs without fear of loss of allotment farmers are totally free to plant other crops in greater market demand than rice. The acreage available for the production of rice is three to four times the allotment. Therefore, it is believed a required set-aside program would be ineffective and also interfere with a market oriented program.

Notice is hereby given that the Secretary has preliminarily determined that a set-aside of cropland shall not be in effect for the 1977 crop of rice. As prescribed by the Act, a final determination will be made not later than April 1, 1977.

Effective Date: This preliminary determination is effective December 29, 1976. Date of filing with the Director, Office of the Federal Register.

The Secretary has determined that this document does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A–107.

Signed at Washington, D.C. on December 28, 1976.

RICHARD E. BELL,
Acting Secretary.

[FR Doc.76–38477 Filed 12–29–76;9:32 am]

FEDERAL RESERVE SYSTEM

[12 CFR Part 226]

[Reg. Z; Docket No. R–0072]

TRUTH IN LENDING

Discounts for Payment in Cash

Pursuant to the authority contained in the Truth in Lending Act (15 USC 1604), the Board of Governors proposes to amend Part 226 (Regulation Z) to implement changes and clarifications made by Public Law 94–222 which was signed into law on February 27, 1976. One of the purposes of the law was to clarify the fact that section 167 of the Truth in Lending Act (15 USC 1666f) was intended by Congress to exempt discounts of up to five per cent for payment in cash instead of by credit card from disclosure as finance charges but was not intended to provide a similar exemption from disclosure for surcharges of up to five per cent on the use of credit cards. Public Law 94–222 not only provided that surcharges do not qualify for the section 167 exemption from disclosure but also prohibited the imposition of surcharges on the use of credit cards for three years. The clarifying statutory amendments also provided that any discount qualifying under section 167 shall not be considered a charge for credit

under State usury, disclosure, and other credit laws.

The proposed amendments to Regulation Z to implement the discount-surcharge provisions of Public Law 94-222 add three new definitions to § 226.2, amend paragraphs (1)(iii) and (4) of § 226.4(i) and add a new paragraph (5) to § 226.4(i). The definitions added are those of "discount," "surcharge," and "regular price." When read in conjunction with these definitions, § 226.4(i) provides that only discounts and not surcharges qualify for the exemption contained in section 167.

The definition of "discount" read together with that of "regular price" is intended to clarify that the price differential resulting from a pricing system in which the merchant tags or posts both a credit card price and a cash price is a discount and qualifies for nondisclosure under section 167. Under these definitions, the following examples of pricing situations would involve "discounts" that would not have to be disclosed if offered in accordance with the requirements of § 226.4(i):

1. Merchant posts or tags goods with a single price which is charged for credit purchases and offers up to a 5 percent discount off this price to cash purchasers.

2. Merchant posts or tags goods with both a credit price and a cash price which is up to 5 percent lower than the credit price.

3. Merchant does not tag or post prices, but offers cash purchasers a price which is up to 5 percent lower than that offered to credit purchasers.

Any pricing system in which the only price tagged or posted is a cash price which is not available to someone purchasing with a credit card would involve a "surcharge" and would, therefore, be illegal until February 27, 1979.

The proposed amendment to paragraph (1)(iii) of § 226.4(i) would prevent consumers from being misled by a low advertised price when there is an additional charge for credit card purchases. Advertisements promoting goods or services for which a discount for cash is offered would not have to state any price, but if the lower cash price were disclosed, the credit price would also have to be disclosed.

The proposed revision of paragraph (4) of § 226.4(i) makes it clear that it is against the law for merchants to impose surcharges on the use of credit cards until February 27, 1979, even if the amount of the surcharge is disclosed as a finance charge.

The proposed paragraph (5) of § 226.4(i) implements the provision of Public Law 94-222 which states that a discount for payment in cash instead of by credit card which qualifies for the exemption under section 167 shall not be considered a charge for credit for purposes of State laws on usary, credit cost disclosure, and permissible credit charges. This provision was necessary because the fact that such discounts are not considered finance charges for purposes of Truth in Lending has no effect on their treatment under State law. This provision assures that the offering of a discount for cash in accordance with § 226.4(i) will not inadvertently place the merchant or the card issuer in violation of State law.

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)).

Interested persons are invited to submit relevant data, views, or arguments concerning this proposal. 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 February 4, 1977. Such material will be made available for inspection and copying upon request, except as provided in 12 CFR 261.6(a) of the Board's rules regarding availability of information. Pursuant to the authority granted in 15 U.S.C. 1604, the Board proposes to amend Regulation Z 12 CFR Part 226 as follows:

1. To implement section 3(a) of Public Law 94-222, § 226.2 is amended by adding new paragraphs (tt), (uu) and (vv) as set forth below:

§ 226.2 Definitions and rules of construction.

* * * * *

(tt) The term "regular price" means the tag or posted price charged for property or a service if a single price is tagged or posted. If two prices for the property or service are tagged or posted, one price which is charged for cash purchases and one which is charged for credit card purchases, or if no price for the property or service is tagged or posted, the "regular price" is the price charged for credit card purchases of the property or service.

(uu) The term "discount," as used in § 226.4(i), means a reduction made from the "regular price," as defined in § 226.2(tt).

(vv) The term "surcharge," as used in § 226.4(i), means an additional charge added to the "regular price," as defined in § 226.2(tt), to arrive at the selling price of property or services for credit card purchases.

§ 226.4 [Amended]

2. To implement sections 3(a) and 3(c) of Pub. L. 94-222, § 226.4(i) is amended as follows:

(a) paragraph (1)(iii) is amended by adding at the end thereof a new sentence as follows:

* * * If a price other than the regular price, as defined in § 226.2(tt), is disclosed in an advertisement, telephone contact, or other corespondence promoting goods or services for which a discount for cash is offered, the regular price shall also be disclosed.

(b) paragraph (4) is revised as follows:

(4) No creditor in any sales transaction may impose a surcharge on a cardholder who elects to use a credit card in lieu of payment by cash, check, or similar means. This paragraph shall cease to be effective on February 27, 1979.

(c) new paragraph (5) is added as follows:

(5) Notwithstanding any other provisions of this Part, any discount for cash which, pursuant to paragraph (1), is not a finance charge for purposes of this Part shall not be considered a finance charge or other charge for credit under the laws of any State relating to:

(i) usury; or

(ii) disclosure of information in connection with credit extensions; or

(iii) the types, amounts, or rates of charges, or the element or elements of charges permissible in connection with the extension or use of credit.

By order of the Board of Governors, December 27, 1976.

THEODORE E. ALLISON,
Secretary of the Board.

[FR Doc.77-187 Filed 1-3-77;8:45 am]

SECURITIES AND EXCHANGE COMMISSION

[17 CFR Part 240]

[Release No. 34-13106; File No. S7-669]

RECORDKEEPING AND PRESERVATION REQUIREMENTS

Proposed Amendments

The Securities and Exchange Commission today announced proposed amendments of § 240.17a-3 and § 240.17a-4 in order to establish suitable recordkeeping requirements for municipal securities brokers and municipal securities dealers while eliminating the need to comply with more than one set of recordkeeping rules.

After discussions with the Municipal Securities Rulemaking Board and upon review of amendments to the Board's proposed Rules G-8 through G-10 on recordkeeping filed with the Commission on December 23, 1976,[1] the Commission

[1] On November 12, 1976 the Commission and the Board met to discuss several issues with respect to recordkeeping and preservation requirements for municipal securities brokers and municipal securities dealers. The conclusions reached at this meeting were published in a Commission press release which stated that:

"As a result of discussions, the Commission and the Municipal Securities Rulemaking Board today reached an understanding respecting the recordkeeping requirements of municipal securities brokers and municipal securities dealers which will eliminate the need to comply with more than one set of recordkeeping rules. Subject to public comment, securities firms will have the option of complying either with the Board's or the Commission's recordkeeping rules and banks will be subject to the Board's rules.

"Accordingly, the Commission announced today that it will cancel the hearings scheduled for November 22, 1976, regarding the rules submitted by the Municipal Securities Rulemaking Board relevant to recordkeeping.

"Both the Commission and the Municipal Securities Rulemaking Board will promptly issue revisions to their respective rules to reflect this understanding. It is anticipated that the application of the Commission's and the