

www.alaska.faa.gov/at or at address  
http://162.58.28.41/at.

#### SUPPLEMENTARY INFORMATION:

#### Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 98-AAL-22." The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination in the Operations Branch, Air Traffic Division, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

#### Availability of NPRM's

An electronic copy of this document may be downloaded, using a modem and suitable communications software, from the FAA regulations section of the Fedworld electronic bulletin board service (telephone: 703-321-3339) or the **Federal Register's** electronic bulletin board service (telephone: 202-512-1661).

Internet users may reach the **Federal Register's** web page for access to recently published rulemaking documents at [http://www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html).

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Operations Branch, AAL-530, Federal Aviation Administration, 222 West 7th

Avenue, Box 14, Anchorage, AK 99513-7587. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2A, which describes the application procedure.

#### The Proposal

The FAA proposes to amend 14 CFR part 71 by revising Class E airspace at Soldotna, AK, through the establishment of GPS instrument approaches to RWY 07 and RWY 25. The intended effect of this proposal is to provide adequate controlled airspace for IFR operations at Soldotna, AK.

The area would be depicted on aeronautical charts for pilot reference. The coordinates for this airspace docket are based on North American Datum 83. The Class E airspace areas designated as a 700/1200 foot transition area, are published in paragraph 6005 in FAA Order 7400.9F, *Airspace Designations and Reporting Points*, dated September 10, 1998, and effective September 16, 1998, which is incorporated by reference in 14 CFR 71.1 (63 FR 50139; September 21, 1998). The Class E airspace listed in this document would be revised and published in the Order.

The FAA has determined that these proposed regulations only involve 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, when promulgated, 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).

#### The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 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 Federal Aviation Administration Order 7400.9F, *Airspace Designations and Reporting Points*, dated September 10, 1998, and effective September 16, 1998, is to be amended as follows:

*Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

#### AAL AK E5 Soldotna, AK

Soldotna Airport, AK

(Lat. 60°28'34" N., long. 151°01'57" W.)

Kenai VOR/DME

(Lat. 60°36'53" N., long. 151°11'43" W.)

Soldotna NDB

(Lat. 60°28'30" N., long. 150°52'44" W.)

That airspace extending upward from 700 feet above the surface within a 6.4-mile radius of the Soldotna Airport and within 4 miles each side of the 150° and 330° radial of the Kenai VOR/DME extending from the 6.4-mile radius airport to 10 miles west of the airport and within 4 miles either side of the 270° bearing from the Soldotna NDB extending from the 6.4-mile radius to 21 miles west of the airport and within 4.6 miles north and 4 miles south of the 090° bearing from the Soldotna NDB extending from the 6.4-mile radius to 14.3 miles east of the airport.

\* \* \* \* \*

Issued in Anchorage, AK, on December 7, 1998.

**Joseph F. Woodford,**

*Acting Manager, Air Traffic Division, Alaskan Region.*

[FR Doc. 98-33293 Filed 12-15-98; 8:45 am]

BILLING CODE 4910-13-P

#### FEDERAL TRADE COMMISSION

#### 16 CFR Part 423

#### Trade Regulation Rule on Care Labeling of Textile Wearing Apparel and Certain Piece Goods

**AGENCY:** Federal Trade Commission.

**ACTION:** Announcement of public workshop-conference.

**SUMMARY:** The Federal Trade Commission ("the Commission") will hold a public workshop-conference in

connection with the notice of proposed rulemaking published May 8, 1998 proposing amendments to its Trade Regulation Rule on Care Labeling of Textile Wearing Apparel and Certain Piece Goods, 16 CFR Part 423 ("the Care Labeling Rule" or "the Rule"). The workshop-conference will be for discussion of issues related to care labeling instructions for home laundering and professional wetcleaning of textile wearing apparel.

**DATES:** The public workshop-conference will take place on Friday, January 29, 1999, from 9:00 a.m. until 5:30 p.m. Members of the public who are interested in participating in the public workshop-conference must notify the Commission's staff in writing on or before January 14, 1999.

**ADDRESSES:** Notification of interest in participating in the public workshop-conference should be submitted in writing on or before January 14, 1999, to James G. Mills, Division of Enforcement, Rm. 4616, Federal Trade Commission, Washington, DC 20580. The public workshop-conference will take place in Room 432 of the Federal Trade Commission Headquarters Building, 600 Pennsylvania Avenue, NW, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Constance M. Vecellio, (202) 326-2966, or James G. Mills, (202) 326-3035, Attorneys, Division of Enforcement, Federal Trade Commission, Washington, DC 20580.

#### **SUPPLEMENTARY INFORMATION:**

### **I. Background**

#### *A. The Care Labeling Rule*

The Care Labeling Rule was promulgated by the Commission on December 16, 1971, 36 FR 23883. In 1983, the Commission amended the Rule to clarify its requirements by identifying in greater detail the washing or dry cleaning information to be included on care labels. 48 FR 22733 (1983). The Care Labeling Rule, as amended, requires manufacturers and importers of textile wearing apparel and certain piece goods to attach care labels to these items stating what regular care is needed for the ordinary use of the product. 16 CFR 423.6(a) and (b). The Rule also requires that the manufacturer or importer possess, prior to sale, a reasonable basis for the care instructions. 16 CFR 423.6(c).

#### *B. Procedural History*

##### **1. Regulatory Review of the Rule**

As part of its continuing review of its trade regulation rules to determine their current effectiveness and impact, the

Commission published a **Federal Register** notice on June 15, 1994, seeking comment on the costs and benefits of the Rule, and related questions, such as what changes in the Rule would increase the Rule's benefits to purchasers and how those changes would affect the costs the Rule imposes on firms subject to its requirements. 59 FR 30733 ("the 1994 Notice"). The comments in response to the 1994 Notice generally expressed continuing support for the Rule, stating that correct care instructions benefit consumers by extending the useful life of the garment, by helping the consumer maximize the appearance of the garment, and/or by allowing the consumer to take the ease and cost of care into consideration when making a purchase.

##### **2. The ANPR**

Based on this review, the Commission determined to retain the Rule, but to seek additional comment on possible amendments to the Rule. To begin the process, the Commission published an Advance Notice of Proposed Rulemaking on December 28, 1995, 60 FR 67102 ("the ANPR"). In the ANPR, the Commission discussed and solicited comment on standards for water temperature, the desirability of a home washing instruction and a wet cleaning instruction for items for which such processes are appropriate, and the Rule's reasonable basis standard. The Commission received 64 comments in response to these issues.

##### **3. The NPR**

Based on the comments responding to the ANPR, and on other evidence, the Commission published a Notice of Proposed Rulemaking in May 1998, 63 FR 25417 (May 8, 1998) ("the NPR"), in which the Commission proposed the following specific amendments to the Rule and sought comments thereon:

1. An amendment to require that an item that can be safely cleaned by home washing be labeled with instructions for home washing;

2. An amendment to establish a definition in the Rule for "professional wetcleaning" and to permit manufacturers to label a garment that can be professionally wetcleaned with a "professionally wetclean" instruction;

3. An amendment to clarify that manufacturers must establish a reasonable basis for care instructions for an item based on reliable evidence for each component of the item in conjunction with reliable evidence for the garment as a whole; and

4. An amendment changing the definitions of "cold," "warm" and "hot" water to be consistent with those

of the American Association of Textile Chemists and Colorists ("AATCC"), and adding a new term—"very hot"—and corresponding definition consistent with AATCC's term and definition.

The NPR also included six specific questions to elicit information on the proposed amendments.

In the NPR, the Commission made the following announcement:

The Commission has determined, pursuant to 16 CFR 1.20, to follow the procedures set forth in this notice for this proceeding. The Commission has decided to employ a modified version of the rulemaking procedures specified in Section 1.13 of the Commission's Rules of Practice. The proceeding will have a single Notice of Proposed Rulemaking, and disputed issues will not be designated.

The Commission will hold a public workshop-conference to discuss the issues raised by this NPR. Moreover, if comments in response to this NPR request hearings with cross-examination and rebuttal submissions, as specified in Section 18(c) of the Federal Trade Commission Act, 15 U.S.C. 57a(c), the Commission will also hold such hearings. After the public workshop, the Commission will publish a notice in the **Federal Register** stating whether hearings will be held in this matter, and, if so, the time and place of hearings and instructions for those desiring to present testimony or engage in cross-examination of witnesses.

63 FR 25425-26 (May 8, 1998).

The Commission also stated in the NPR that it would announce the time and place of the workshop-conference after the comment period, which closed on July 27, 1998. Today's notice announces that the workshop-conference will take place on January 29, 1999, from 9:00 a.m. until 5:30 p.m. in room 432 of the Commission's Headquarters Building at 600 Pennsylvania Avenue, NW, Washington, DC.

There were no requests for hearings in the 38 comments received in response to the NPR.<sup>1</sup> Therefore, the Commission

<sup>1</sup> The comments were from: five consumers; one consumer group; one academician; two textile fiber manufacturer associations; two apparel manufacturer associations; one apparel manufacturer; one apparel retailer; five professional cleaner associations; eight professional cleaners; one international association for textile care labeling; three laundry equipment manufacturers; two manufacturers of cleaning products; one environmental protection group; one non-profit research and technical assistance organization; one non-profit clearinghouse for information on emissions control; one home appliance manufacturer trade association; one home appliance repairman; and one foreign nation. The comments are on the public record and are available for public inspection in accordance with the Freedom of Information Act, 5 U.S.C. 552, and the Commission's Rules of Practice, 16 CFR 4.11, at the Consumer Response Center, Public Reference Section, Room 130, Federal Trade Commission, 6th

will not hold public hearings in this matter. Six comments contained requests to participate in the workshop-conference.

## II. Comments on the Issues in the NPR That Will Form the Basis of the Workshop-Conference

As a result of its initial analysis of the comments responding to the NPR, the Commission has concluded that the comments addressing two of its proposals—to require a home washing instruction for home-washable products and to permit a “Professionally Wetclean” instruction for items for which that care method would be appropriate—express points of view that merit further discussion. The Commission will base its analysis of the other two proposals (relating to water temperature standards and the Rule’s reasonable basis requirement) on the written comments in the record, and will include a discussion of these proposals in the Statement of Basis and Purpose that the Commission will publish along with any final amendments to the Rule. Those proposals will not be discussed at the workshop-conference.

### A. The Home-Washing Instruction

The 17 comments responding to the proposal to require washing instructions for items that could be home-laundered (with a “Dryclean” instruction optional, if appropriate) expressed divergent views. Some supported the proposal as stated. Others favored requiring both drycleaning and home laundering instructions if both were appropriate. Still others opposed the proposal altogether, contending that it would necessitate additional testing by manufacturers in order to have a reasonable basis for both methods of care, instead of only one, and recommended that the Rule remain unchanged in this regard.

Twelve comments addressed how consumers interpret a “Dryclean” instruction. Many said there was no empirical evidence on this point, but they believed that consumers think it means that an item so labeled cannot be washed at home. The Clorox Company (comment no. 22) submitted a random digit dial telephone interview survey of 1,000 nationally representative adult consumers conducted by an independent market research firm. Half the consumers interviewed in the survey had laundered items labeled “Dryclean,” and 60% of these

respondents were generally satisfied with the results. The study showed that nearly 90% of consumers interviewed would prefer care labels to include washing instructions. This suggests that a significant percentage of garments that are labeled “Dryclean” may be home laundered; moreover, consumers expressed an overwhelming preference to be given such information. In addition, the survey suggests that consumers may not treat “Dryclean” and “Dryclean Only” instructions differently, although under the current Rule they have distinctly different meanings.<sup>2</sup> This research, which was not available to the other commentors when they filed their comments, provides empirical evidence of consumers’ views and their behavior when they make decisions on how to care for a garment labeled for drycleaning. Accordingly, the Commission requests that participants in the workshop-conference review this study and be prepared to discuss its findings. This research is now on the public record with the other comments.

### B. The “Professionally Wetclean” Instruction

The NPR proposed an amendment that would include a definition for wetcleaning and permit (but not require) a wetcleaning instruction together with the item’s fiber content, a recommendation of at least one type of cleaning equipment (unless all types of commercially available professional cleaning equipment would be appropriate), and one other appropriate method of cleaning (or a warning that the item cannot be washed or drycleaned, if such is the case). The NPR also asked for information on the number of domestic businesses that provide professional wetcleaning to the public on a regular basis and the appropriateness of the proposed wetcleaning amendment.

Twenty-five comments addressed the proposed wetcleaning instruction and/or responded to the question in the NPR relating to it. A few opposed the proposal, maintaining that the technology and availability of wetcleaning are not yet advanced enough to justify a wetcleaning

instruction. Most favored some kind of wetcleaning instruction, but recommended varying circumstances under which the instruction should be allowed. Some comments favored the proposed requirement to include another appropriate care method with the wetcleaning instruction, while others thought the alternative (*i.e.*, the non-wetcleaning instruction) should be permitted, but not required. Several favored *requiring* the professional wetcleaning instruction when the method would be appropriate, maintaining that, if the instruction were only permitted, not all manufacturers would use it, which would lead consumers to conclude erroneously that, when it was not used on a garment with a “Dryclean” label, the garment could not be professionally wetcleaned. Several commentors addressed the proposal that the label specify a type of wetcleaning equipment. Of these, most thought this requirement would be unnecessary and too limiting, with some contending that it would appear to be an endorsement of certain kinds of laundering equipment.

Of the six comments that addressed the proposal to include fiber content on care labels that show a “Professionally Wetclean” instruction, five favored the idea, with most suggesting that all care labels be required to include fiber content. These commentors maintained that the resulting extra label size requirement (to accommodate the fiber content information) should apply equally to labels with all types of instructions. To do otherwise, they contended, would create a disincentive for manufacturers to elect to include the “Professionally Wetclean” instruction, which would necessitate the larger label.

In the NPR, the Commission proposed the following definition for “professional wetcleaning”:

(h) *Professional wet cleaning* means a system of cleaning by means of equipment consisting of a computer-controlled washer and dryer, wet cleaning software, and biodegradable chemicals specifically formulated to safely wet clean wool, silk, rayon, and other natural and man-made fibers. The washer uses a frequency-controlled motor, which allows the computer to control precisely the degree of mechanical action imposed on the garments by the wet cleaning process. The computer also controls time, fluid levels, temperatures, extraction, chemical injection, drum rotation, and extraction parameters. The dryer incorporates a residual moisture (or humidity) control to prevent overdrying of delicate garments. The wet cleaning chemicals are formulated from constituent chemicals on the EPA’s public inventory of approved chemicals pursuant to the Toxic Substances Control Act.

<sup>2</sup> The Rule currently requires either a washing instruction or a drycleaning instruction for items that can be safely subjected to both processes; it does not require both instructions. Thus, a manufacturer using a “Dryclean” instruction needs to be able to substantiate only that drycleaning is an acceptable method of care. In contrast, a manufacturer that uses a “Dryclean Only” instruction must be able to substantiate both that drycleaning refurbishes the garment without damage and that home washing would result in damage to the garment.

Eleven comments addressed this proposed definition. A few favored the proposed definition, some agreeing with the text as it appeared in the NPR, and some suggesting minor modifications. Others rejected the proposed language outright with no further comment. Several comments maintained that the proposal was too narrow because it encompassed only the newest technology without including the more traditional knowledge and expertise of the individual cleaner relying on personal experience and using simpler equipment. Most of these comments offered their own, simpler definitions that incorporated their concerns; two of these agreed with a definition that was submitted by the Center for Neighborhood Technology:

Wetcleaning is the cleaning of clothes in a commercial setting with a water-based system that utilizes specially formulated detergents, and precise control (either manual or computerized) over the mechanical action, water temperature and level, and carefully regulated drying. Wetcleaning spotting is done by using products designed for the process that can be safely discharged to sewer systems. Pressing of wetcleaned garments may be done either with conventional professional pressing equipment, or with tensioning finishing equipment and/or drying cabinets for greater productivity.

There was little agreement among the 12 comments that addressed the question in the NPR as to the number of domestic cleaning establishments that provide wetcleaning services to the public. Several stated specific numbers, ranging from "very few—around 100," to 200 and up to 350. Some suggested that the number is low enough that permitting a wetcleaning instruction under any circumstances would be premature. Other comments pointed out that the number of establishments devoted exclusively to wetcleaning understates the actual availability of wetcleaning, because the service is often available from cleaners that also use other methods of refurbishing.

### III. Specific Issues for Discussion at the Workshop-Conference

The following issues will form the basis for discussion at the workshop-conference:

1. a. Should the Rule be amended to require a washing instruction for all items that can safely be washed at home, even if drycleaning would be an appropriate alternative care method?
- b. Should a washing instruction be required if the item can be successfully refurbished by washing but its useful life would be extended by drycleaning?
- c. Can criteria be identified that would assist manufacturers in

determining when a home-laundering instruction, although technically feasible, should not be used because it would result in a less than ideally refurbished garment?

2. a. Should the Commission amend the Rule to permit, or to require, a "Professionally Wetclean" instruction?
- b. Should the requirement include the statement of a type of professional wetcleaning equipment?
- c. Should the inclusion of other appropriate care methods be mandatory or optional?
- d. How should the Rule define "professional wetcleaning"?

The Commission asks that all prospective participants identify which of these issues are of particular interest to them when they submit their written request to participate in accordance with the instruction in the **ADDRESSES** paragraph, above. Prospective participants who wish to address issues not appearing above must identify in their request the issues they wish to raise.

### IV. Procedures Governing the Workshop-Conference

The Commission's staff will conduct the workshop-conference to afford Commission staff and affected interests an opportunity to discuss the issues identified above and, in particular, to examine areas of significant controversy of divergent opinions. The workshop-conference will be facilitated by a Commission staff member. Those who are interested in participating in the workshop-conference must notify the Commission's staff by January 14, 1999, as directed in the **ADDRESSES** heading, above. Prospective participants must include with their notification a copy of any statement that they intend to make at the beginning of the proceeding and must indicate which issues in particular are of interest to them. Affected interests may, if they wish, designate a specific party to represent their shared group interests in the workshop-conference. Prior to the workshop-conference, participants will be provided with a tentative agenda.

While the workshop-conference will address primarily those issues identified in the discussion above, participants also will be afforded an opportunity to address such additional related issues as are raised during the proceeding. Commission staff will consider the views and suggestions made during the workshop-conference in conjunction with the written comments in formulating a final recommendation to the Commission concerning the NPR.

If the number of parties who request to participate in the workshop-

conference is so large that it would inhibit effective discussion, the Commission staff will select parties to participate from among those who ask. The selections will be made on the basis of the following criteria:

1. The party must have submitted a written comment in response to the 1994 Notice, the ANPR, or the NPR;
2. The party must have notified the Commission's staff of its interest and identified the issues it wishes to discuss by January 14, 1999;
3. The party's attendance would promote a balance of interests being represented at the workshop-conference;
4. The party's participation would promote the consideration and discussion of the issues identified above;
5. The party has expertise in areas affected by the Care Labeling Rule; and
6. The party has been designated by one or more of the affected interests (who have filed written comments and timely requests to participate) as a party who shares group interests with the designator(s).

If it is necessary to limit the number of participants, those not selected to participate, but who have submitted written comments and requests to participate in accordance with the instructions above, will be afforded an opportunity at the end of the conference to present their views during a limited time period. The time allotted for these statements will be determined on the basis of the time necessary for discussion of the issues by the selected parties, as well as by the number of persons who wish to make such statements. If any person cannot complete the presentation of his or her statement in the allotted time, that person will be allowed, within 72 hours thereafter, to file a written statement covering those relevant matters that he or she did not present orally. The discussion during the workshop-conference will be transcribed and the transcription will be placed on the public record. After the conclusion of the workshop, the record will remain open for 30 days for additional or rebuttal comments.

### V. Legal Authority

This notice is being published pursuant to Section 18 of the Federal Trade Commission Act, 15 U.S.C. 57a *et seq.* ("FTC Act"), the provisions of Part 1, Subpart B of the Commission's Rules of Practice, 16 CFR 1.7, and 5 U.S.C. 551 *et seq.* This authority permits the Commission to promulgate, modify, and repeal trade regulation rules that define with specificity acts or practices that are unfair or deceptive in or affecting

commerce within the meaning of Section 5(a)(1) of the FTC Act, 15 U.S.C. 45(a)(1).

## VI. Communications by Outside Parties to Commissioners or Their Advisors

Pursuant to Rule 1.18(c) of the Commission's Rules of Practice, 16 CFR 1.18(c) (1997), communications with respect to the merits of this proceeding from any outside party to any Commissioner or Commissioner's advisor during the course of this rulemaking shall be subject to the following treatment. Written communications, including written communications from members of Congress, shall be forwarded promptly to the Secretary for placement on the public record. Oral communications, not including oral communications from members of Congress, are permitted only when such oral communications are transcribed verbatim or summarized, at the discretion of the Commissioner or Commissioner's advisor to whom such oral communications are made, and are promptly placed on the public record, together with any written communications and summaries of any oral communications relating to such oral communications. Oral communications from members of Congress shall be transcribed or summarized, at the discretion of the Commissioner or Commissioner's advisor to whom such oral communications are made, and promptly placed on the public record, together with any written communications and summaries of any oral communications relating to such oral communications.

### List of Subjects in 16 CFR Part 423

Care labeling of textile wearing apparel and certain piece goods, Trade practices.

**Authority:** 15 U.S.C. 57a(d)(2)(B).

By direction of the Commission.

**Donald S. Clark,**  
Secretary.

[FR Doc. 98-33280 Filed 12-15-98; 8:45 am]

BILLING CODE 6750-01-P

## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Parts 232, 270 and 274

[Release No. IC-23588; File No. S7-31-98]

RIN 3235-AG29

### Deregistration of Certain Registered Investment Companies

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Proposed rule.

**SUMMARY:** The Commission is proposing for public comment amendments to the rule and form under the Investment Company Act of 1940 that govern the deregistration of registered investment companies. The Commission also is proposing to require that investment companies file the form electronically through the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system. The proposed amendments are designed to expedite the process for deregistering investment companies.

**DATES:** Comments must be received on or before February 5, 1999.

**ADDRESSES:** Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, Mail Stop 6-9, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549. Comments also may be submitted electronically to the following E-mail address: rule-comments@sec.gov. All comment letters should refer to File No. S7-31-98; this file number should be included on the subject line if E-mail is used. Comment letters will be available for public inspection and copying in the Commission's Public Reference Room, 450 5th Street, NW, Washington, DC 20549. Electronically submitted comment letters also will be posted on the Commission's Internet web site (<http://www.sec.gov>).

**FOR FURTHER INFORMATION CONTACT:** Robin Gross Lehv, Staff Attorney, or Penelope W. Saltzman, Assistant Chief, at (202) 942-0690, Office of Regulatory Policy, Division of Investment Management, Mail Stop 5-6, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549.

**SUPPLEMENTARY INFORMATION:** The Commission is requesting public comment on proposed amendments to rule 8f-1 (17 CFR 270.8f-1) and Form N-8F (17 CFR 274.218) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Investment Company Act" or "Act"), and to rule 101 of the Commission's Regulation S-T (17 CFR 232.101).

### I. Discussion

A registered investment company ("fund") that ceases to do business, including one that merges into another fund, generally will file an application requesting that the Commission terminate its registration under the Investment Company Act (*i.e.*, "deregister").<sup>1</sup> Under section 8(f) of the

<sup>1</sup> If the fund did not deregister, it would continue to have obligations under the Act such as filing

Act, the Commission may deregister the fund if it determines the fund is no longer an "investment company."<sup>2</sup>

In order to expedite the deregistration process and assist funds in preparing their applications, the Commission adopted rule 8f-1 and Form N-8F in 1978.<sup>3</sup> The rule and form were designed to provide a convenient means for funds, in the most common situations, to apply for a Commission order of deregistration. Rule 8f-1 describes the circumstances in which funds may use Form N-8F to apply for a deregistration order, and Form N-8F specifies the information a fund must provide. Generally, the form may be used by any fund that: (i) Is liquidating; (ii) is merging into another fund; or (iii) has no more than 100 investors, has not made (and does not propose to make) a public offering of its securities, and does not intend to engage in business of any kind.

The Commission is proposing to revise Form N-8F to simplify the form, eliminate unnecessary items,<sup>4</sup> and refocus the questions to better elicit the information the Commission needs to make the finding under section 8(f) to deregister a fund.<sup>5</sup> By refocusing the questions, the proposed amendments are intended to reduce the need for funds to amend their initial applications to provide additional information. The Commission also is proposing to amend rule 8f-1 to expand the types of circumstances in which a fund may use Form N-8F to apply for a deregistration order. These circumstances would include a fund that is deregistering because it (i) qualifies for the exclusion from the definition of investment company provided by section 3(c)(7) of the Act<sup>6</sup> or (ii) has decided to become

annual reports with the Commission. See 15 U.S.C. 80a-29(a).

<sup>2</sup> 15 U.S.C. 80a-8(f).

<sup>3</sup> See Deregistration of Certain Investment Companies and Quarterly Reports of Management Investment Companies, Investment Company Act Release No. 10237 (May 11, 1978) (43 FR 21664 (May 19, 1978)).

<sup>4</sup> Among other things, the proposed amendments would eliminate descriptions of: (i) Registration statements previously filed by the fund with the Commission, (ii) actions taken by the fund to distribute any proxy materials, and (iii) actions taken under state law with respect to the merger, including documents that have been filed with the state in which the fund is registered. See Form N-8F, items 2, 17(c), and 17(e).

<sup>5</sup> For example, the proposed amendments replace the broad question about the circumstances and details of the merger with a specific question about the exchange ratio used to distribute assets to investors and how the ratio was calculated. See Form N-8F, item 19; Proposed Form N-8F, item 17(d).

<sup>6</sup> 15 U.S.C. 80a-3(c)(7). Section (c)(7) was added to the Act in 1996. See National Securities Markets Improvement Act of 1996, Pub. L. 104-290, sec.