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 part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 95665, 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 7400.9F, Airspace Designations and Reporting Points, dated September 10, 1998, and effective September 16, 1998, is amended as follows:

* * * * *

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

* * * * *

AGL MI E2 Escanaba, MI [Revised]

Escanaba, Delta County Airport, MI
Lat. 45° 43′ 22″N., long. 87° 05′ 37″W.)
Escanaba VORTAC
Lat. 45° 43′ 22″N., long. 87° 05′ 23″W.)
Within a 4.3-mile radius of the Escanaba, Delta County Airport, and within 2.6 miles each side of the Escanaba VORTAC 007° radial, extending from the 4.3-mile radius to 7.4 miles north of the VORTAC, and within 2.6 miles each side of the Escanaba VORTAC 101° radial, extending from the 4.3-mile radius to 7.4 miles east of the VORTAC, and within 2.6 miles each side of the Escanaba VORTAC 266° radial, extending from the 4.3-mile radius to 7.0 miles west of the VORTAC, and within 3.2-miles each side of the Escanaba VORTAC 171° radial, extending from the 4.3-mile radius to 7.0 miles south of the VORTAC.

* * * * *

Issued in Des Plaines, Illinois on August 17, 999.

Christopher R. Blum

Manager, Air Traffic Division.

[FR Doc. 99–22295 Filed 8–26–99; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

14 CFR Parts 257, 258 and 399

[Docket Nos. OST–95–179, OST–95–623, and OST–95–177]

RIN 2105–AC10, 2105–AC17

Petitions Involving the Effective Dates of the Disclosure of Code-Sharing Arrangements and Long-Term Wet Leases Final Rule, and the Disclosure of Change-of-Gauge Services Final Rule.

AGENCY: Office of the Secretary (OST), Department of Transportation.

ACTION: Final rule and notice of effective and compliance dates.

SUMMARY: On March 15, 1999, we issued two new rules, the Disclosure of Code-Sharing Arrangements and Long-Term Wet Leases Rule, 14 CFR part 257 (''Code-Share Rule''), and the Disclosure of Change-of-Gauge Services Rule, 14 CFR part 258 (''Change-of-Gauge Rule''), to enable consumers to make informed choices about their air transportation and to travel without undue confusion. Both rules were to take effect on July 13. On July 9, in response to petitions to delay the rules' effective date, we issued a Final Rule and Notice of Proposed Disposition (see 64 FR 38111, July 15, 1999), delaying the effective date for both rules until August 25, 1999, and giving interested parties until July 30 to comment on our proposal to delay the compliance date of portions of both rules further, until March 15, 2000. We are adopting our proposal as a final rule, as clarified below, and amending both disclosure rules to reflect the new compliance dates.

DATES: The effective date of 14 CFR part 257, published at 64 FR 12851–12852 (March 15, 1999), and new § 257.6, published herein, is August 25, 1999. The date on which compliance with § 257.5(a), § 257.5(b) (insofar as compliance requires reprogramming by Computer Reservations Systems), and § 257.5(c) is mandatory is March 15, 2000; compliance with all other sections is mandatory as of August 25, 1999.

The effective date of 14 CFR part 258, published at 64 FR 12860 (March 15, 1999), and new § 258.6, published herein, is August 25, 1999. The date on which compliance with § 258.5(c) is mandatory is March 15, 2000; compliance with all other sections is mandatory as of August 25, 1999.

The removal of 14 CFR 399.88, published at 64 FR 12852 (March 15, 1999), is effective August 25, 1999.

FOR FURTHER INFORMATION CONTACT: Betsy L. Wolf, Senior Trial Attorney, Office of Aviation Enforcement and Proceedings (202–366–9359), Office of the General Counsel, U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, DC 20590.

SUPPLEMENTARY INFORMATION:

Background

On March 15, 1999, we adopted two new disclosure rules, the Code-Share Rule and the Change-of-Gauge Rule, under 49 U.S.C. § 41712, our authority to prohibit unfair and deceptive practices and unfair methods of competition. The rules will protect consumers of air transportation by ensuring that they are told the nature of service they are considering before they decide to buy it and then by giving them written information to help them avoid confusion and mishaps, such as missed flights or connections, during their transportation. Each rule codifies and augments existing disclosure requirements for air carriers [1] and also sets new disclosure requirements for ticket agents. Among other things, the Code-Share Rule (14 CFR Part 257) requires air carriers involved in code-sharing arrangements or long-term wet leases to identify those arrangements in the written or electronic schedule information they provide to the public, in the Official Airline Guide and comparable publications, and in Computer Reservations Systems (''CRSs'') with an asterisk or comparable mark and to disclose the transporting carrier's corporate name and any other name under which the service is held out to the public (§ 257.5(a)). The rule also requires air carriers and ticket agents to disclose this information orally to prospective passengers before booking transportation (§ 257.5(b)) and then to provide this information in a written notice once a consumer has booked a flight involving a code-share arrangement or a long-term wet lease (§ 257.5(c)). The Change-of-Gauge rule (14 CFR part 258) has comparable requirements for service with one flight number that requires a change of aircraft en route (§ 258.5). For many if not most air carriers and for all ticket agents, the ability to comply fully with the above requirements hinges on the CRSs' capability both to display all of the relevant information and to print it as the required written notice.

The rules were scheduled to take effect on July 13. Beginning in late April, we received several petitions

[1] As used in this discussion, the term ''air carriers'' means both U.S. carriers and foreign carriers.

from air carriers and trade associations asking that we delay the rules' effective date. Most petitioners based their requests on the CRSs' inability to accomplish all necessary reprogramming by July 13 due to two factors: one, their having initially underestimated the magnitude of this task, and two, their needing now to devote the bulk of their information systems resources to anticipating and avoiding problems during the transition to the year 2000 (''Y2K''). Most petitioners asked that both rules be made effective March 15, 2000. The United States Tour Operators Association, Inc. (''USTOA''), which said that its members cannot begin to reprogram their own ''front-end information systems'' until after the CRSs are reprogrammed, requested an additional grace period for its members of six months.

While recognizing that the information systems used by the air transportation industry must be prepared to continue functioning normally through the turn of the year, we also recognized that the need for effective disclosure of code-share service, long-term wet-lease service, and change-of-gauge service has been pressing and is likely to increase as air carriers' relationships and operations grow ever more complex. Balancing these two concerns, in a Final Rule and Notice issued July 9, 1999 (see 64 FR 38111 (July 15, 1999), we delayed the effective date of both rules until August 25; we proposed that compliance with those portions of the new rules that codify existing requirements and those portions with which air carriers and ticket agents can comply without awaiting CRS reprogramming be mandatory as of August 25, and we proposed that compliance with those portions of the new rules with which air carriers and ticket agents cannot comply until CRS reprogramming is completed be mandatory as of March 15, 2000, as requested. We also proposed to refrain as a matter of discretion from enforcing both rules in their entirety against USTOA's members until September 15, 2000. We gave interested parties until July 30 to comment on our proposed disposition.

The sections of Part 257 for which we proposed to make compliance mandatory as of August 25 because carriers and ticket agents can comply with them without further CRS reprogramming are the following:

Sec.
257.1 Purpose.
257.2 Applicability.
257.3 Definitions.
257.4 Unfair and Deceptive Practice.
257.5 Notice requirement.
(b) Oral notice to prospective consumers (in part): oral notice before booking transportation involving a code-share arrangement (1) of the fact that the selling carrier is not the transporting carrier and (2) of the transporting carrier's identity (as shown by its two-letter designator code in CRS displays).
(d) Advertising.

We proposed that compliance with the following sections of Part 258 be mandatory as of August 25:

Sec.
258.1 Purpose.
258.2 Applicability.
258.3 Definitions.
258.4 Unfair and Deceptive Practice.
258.5 Notice requirement.
(a) Notice in schedules.
(b) Oral notice to prospective consumers.

The sections of Part 257 for which we proposed to make compliance mandatory as of March 15, 2000, because carriers and ticket agents cannot comply with them without further CRS reprogramming are the following:

Section 257.5 Notice requirement.
(a) Notice in schedules.
(b) Oral notice to prospective consumers (in part): the remaining elements of this section—*i.e.* (1) identification of the transporting carrier in code-share arrangements by its corporate name and any other name under which the service is held out to the public and (2) all required disclosures for long-term wet leases.
(c) Written notice.

We proposed that compliance with the following section of Part 258 be mandatory as of March 15, 2000:

Section 258.5 Notice requirement.
(c) Written notice.

Disposition of Comments

We received comments from the Air Transport Association of America, Inc. (''ATA''), Amadeus Global Travel Distribution, S.A., the Regional Airline Association (''RAA''), and the following air carriers: Aeropostal Alas de Venezuela, C. por A., Air New Zealand Limited, American Eagle Airlines, Inc. and Executive Airlines, Inc. d/b/a American Eagle, Continental Airlines, Delta Air Lines, Qantas Airways Limited, and US Airways, Inc. ATA, Amadeus, RAA, Continental, Delta, and US Airways support the Department's approach. Aeropostal asks that we delay the compliance date of the requirement that print advertisements disclose long-term wet leases (§ 257.5(d)) until March 15, 2000. Air New Zealand and Qantas ask that we similarly delay the compliance date of any requirement that cannot be met until carriers reprogram their own internal reservations systems. American Eagle and Executive state that they will not need the waiver they requested earlier and were granted in the notice (see 64 FR 38111 at 38112 (July 15, 1999)) if the March 15, 2000, compliance date is adopted as proposed. Finally, US Airways requests clarification of the disclosure requirement for print advertisements (§ 257.5(d)).

Aeropostal, the flag carrier of Venezuela, states that it is only permitted to provide transportation between Venezuela and the United States by means of a wet lease arrangement or a code-sharing arrangement with an authorized carrier from another country. All of its U.S.-Venezuela service is therefore subject to the Code-Share Rule. If the rule's advertising requirement takes effect before March 15, 2000, Aeropostal maintains, the discrepancy between the detailed disclosure in its print advertisements and the more limited information available to travel agents through their CRSs will cause confusion for consumers who call travel agents and will result in lost business. Aeropostal seeks a delay in the advertising requirement's compliance date in order that consumers and travel agents will be working with the same information.

We will deny Aeropostal's request. The information its advertisements will provide on the nature of its services and the identity of the transporting carrier is critical to consumers' ability both to choose intelligently among transportation options and to avoid confusion during their journeys. As § 257.4 of the Code-Share rule states, holding out or selling code-share or long-term wet-lease services without making the required disclosures is an unfair or deceptive practice or an unfair method of competition in violation of 49 U.S.C. 41712. The public interest thus requires that we not delay the effective date of any provision that does not entail CRS reprogramming. Furthermore, we do not share Aeropostal's concern that travel agents will not be able to field consumers' questions about Aeropostal's services. As experienced professionals, travel agents are familiar with industry practices and can be expected to know enough about wet leases and how to find details on particular wet-lease services to explain them to consumers without having the information on their CRS screens. Code-share services are already listed in CRSs with the transporting carrier identified by its designator code: all that the Code-Share Rule adds to existing requirements is to specify that carriers must disclose both the transporting carrier's corporate

name and any other name under which the service is held out to the public.

Air New Zealand and Qantas raise an issue that we did not consider when we issued our July 9 proposal. The Code-Share and Change-of-Gauge Rules apply to air carriers not only in their capacity as providers of air transportation and sellers of their own services but also in their capacity as sellers of the services of other air carriers. In the latter capacity, they are serving the function of a ticket agent. Any carrier that uses a CRS governed by 14 CFR part 255 as its internal CRS has the same information available to it as CRSs' travel agent subscribers have and is thus in a position to comply now with those parts of the new rules' oral disclosure requirements that do not require CRS reprogramming. In particular, such a carrier has the capability of informing a passenger before booking transportation that another carrier's service is a code-share service and naming the transporting carrier. It likewise has the capability of informing a passenger before booking transportation that another carrier's service entails a change of aircraft en route. Air New Zealand and Qantas, however, are not such carriers. Each of them has an internal reservations system that is not a CRS governed by 14 CFR part 255, and the only code-share or change-of-gauge services that these systems currently display as such are those of Air New Zealand and Qantas themselves, respectively. In order to comply with the new rules' oral and written notice requirements, both carriers will need to reprogram their internal reservations systems, which they will not be able to do by August 25. They therefore request that the compliance date of § 257.5(b) and § 258.5(b) be delayed for carriers situated as they are until March 15, 2000.

We will accommodate Air New Zealand, Qantas, and any similarly situated carrier in the same way that we are accommodating USTOA: rather than complicate matters by codifying different compliance dates for different classes of sellers of air transportation, we will simply refrain as a matter of discretion from enforcing § 257.5(b) and § 258.5(b) against carriers whose internal reservations systems do not display the code-share and change-of-gauge services of other carriers for their sales of such services prior to March 15, 2000. This approach is fair to the carriers and should not affect consumers to any significant degree. Air New Zealand estimates that only approximately 0.0135 percent of the bookings on its internal reservations system are made in the U.S. for code-share flights between third-party carriers. The carrier estimates that the level of its third-party carrier change-of-gauge bookings, more difficult to quantify, is even lower.

Qantas raises another issue: it seeks assurance that our decision to delay the compliance date of § 257.5(a), the requirement concerning notice in schedules of code-share and long-term wet-lease arrangements, to March 15, 2000, applies to all information whose inclusion depends on reprogramming carriers' internal reservations systems. The carrier also asks us to delay until March the compliance date of § 258.5(a), the parallel requirement for change-of-gauge service, which we tentatively decided should be August 25. Qantas's request reflects a misunderstanding of the rules. As used in § 257.5(a) and § 258.5(a), the term ''computer reservations system'' means a CRS governed by 14 CFR part 255; it does not mean carriers' internal reservations systems. Carriers offering change-of-gauge service are already required to indicate the change of aircraft in their CRS listings, so no delay in the compliance date of § 258.5(a) is warranted. We are delaying the compliance date of § 257.5(a)—in its entirety—because it requires carriers to list new information in CRSs and because the CRSs cannot display this information until they are reprogrammed.

US Airways requests clarification of the Code-Share Rule's advertising requirement (§ 257.5(d)). With code-sharing relationships that involve 9 ''US Airways Express'' carriers, some 2,500 daily US Airways Express departures, and 170 airports, US Airways seeks a means of implementing this requirement that presents the relevant information without confusing its customers. The carrier states that it frequently lists services for multiple city-pairs in one advertisement as a cost-effective, competitive means of informing the public of low fares. While such an advertisement serves primarily to promote US Airways' own jet service, in some cases, the advertised fare in a city-pair may be available in addition on another routing operated partly or entirely by a US Airways Express carrier, and some travelers may prefer this latter service. Under these circumstances, US Airways plans to use the following language in its advertisements in reasonably-sized print (*i.e.*, not in fine-print fare conditions):

> These fares are available on US Airways. Depending upon your travel needs, alternative routings may be available at the same fares, with all or part of the service on regional aircraft operated by US Airways Express Carriers Allegheny, Air Midwest, CCAIR, Chautauqua, CommutAir, Mesa, Piedmont, PSA or Trans States Airlines. Call your travel consultant for details.

US Airways maintains that in the context of the new rules' other requirements, the above language will give consumers ''complete, concise, readable, and accurate information about their air transportation options.''

In the circumstances outlined by US Airways, the language it proposes will satisfy the Code-Share Rule's requirements for print advertisements. The treatment of § 257.5(d) in the rule's preamble (see 64 FR 12838 at 12848 (March 15, 1999)) might literally be interpreted as precluding US Airways' approach and requiring instead that the carrier at least use symbols for each individual city-pair to identify all possible transporting carriers and combinations of carriers. We believe, however, that in these particular circumstances, such an advertisement would be needlessly complex and would cause consumers undue confusion. Therefore, for an advertisement in which the advertising carrier offers service in its own right in every city-pair listed as well as code-share service in one or more of these city-pairs, the carrier may comply with § 257.5(d) by including the language proposed by US Airways (with the appropriate carriers' names, of course), or equivalent language,[2] in reasonably-sized print. For an advertisement in which the advertising carrier does not offer service in its own right in every city-pair listed, however, the rule requires that the transporting carrier(s) be specified for each city-pair.

In closing, we once again encourage the CRSs and the carriers to complete their reprogramming as quickly as possible, and we encourage any affected parties that can comply with the Code-Share Rule and the Change-of-Gauge Rule in their entirety before they become effective in their entirety to do so.

Regulatory Analyses and Notices

The Department has determined that this action is not an economically significant regulatory action under Executive Order 12866 or the Department's Regulatory Policies and Procedures, and it has not been reviewed by the Office of Management and Budget. This rule is significant under the Department's Regulatory Policies and Procedures because of congressional and public interest. The

[2] Carriers may ask our Office of Aviation Enforcement and Proceedings to review proposed advertisements in order to make certain that any equivalent language complies with the advertising requirement in both letter and spirit.

rule does not impose unfunded mandates or requirements that will have any effect on the quality of the human environment. A summary of the regulatory analyses of the rules whose effective date is being extended here was published at 64 FR 12850–12851 and 12859, March 15, 1999. Also published there were discussions of the rules' effects on small businesses and their Federalism and Paperwork Reduction Act implications. Apart from the Y2K implications recently brought to light and addressed above and in the July 9 proposal, the determinations made previously are not significantly affected by the limited extensions of the effective date made here.

List of Subjects in 14 CFR Parts 257 and 258

Air carriers, Foreign air carriers, Ticket agents, and Consumer protection.

For the reasons set forth in the preamble, the Department amends Title 14, Chapter II, Subchapter A, Parts 257 and 258 as follows:

PART 257—DISCLOSURE OF CODE-SHARING ARRANGEMENTS AND LONG-TERM WET LEASES

1. The authority citation for Part 257 continues to read as follows:

Authority: 49 U.S.C. 40113(a) and 41712.

2. Section 257.6 is added to read as follows:

§ 257.6 Effective and compliance dates.

(a) This Part is effective as of August 25, 1999.

(b) Compliance with the following sections is mandatory as of August 25, 1999:

(1) § 257.1, § 257.2, § 257.3, § 257.4, § 257.5(d), and § 257.6.

(2) § 257.5(b) to the extent that it requires sellers of air transportation to give consumers oral notice before booking transportation involving a code-share arrangement

(i) Of the fact that the selling carrier is not the transporting carrier and

(ii) Of the transporting carrier's identity (as shown by its two-letter designator code in CRS displays).

(c) Compliance with the following sections is mandatory as of March 15, 2000:

(1) § 257.5(a) and § 257.5(c) in their entirety.

(2) § 257.5(b) insofar as it requires sellers of air transportation to give consumers

(i) Oral notice before booking transportation involving a code-share arrangement of the transporting carrier's corporate name and any other name under which the service is held out to the public and

(ii) The same disclosures for long-term wet leases as for code-sharing arrangements.

PART 258—DISCLOSURE OF CHANGE-OF-GAUGE SERVICES

3. The authority citation for Part 258 continues to read:

Authority: 49 U.S.C. 40113(a) and 41712.

4. Section 258.6 is added to read as follows:

§ 258.6 Effective and compliance dates.

(a) This Part is effective as of August 25, 1999.

(b) Compliance with the following sections is mandatory as of August 25, 1999: § 258.1, § 258.2, § 258.3, § 258.4, § 258.5(a), § 258.5(b), and § 258.6.

(c) Compliance with § 258.5(c) is mandatory as of March 15, 2000.

Issued in Washington, DC on August 18, 1999, under authority delegated by 49 CFR 1.56a(h)2.

A. Bradley Mims,

Acting Assistant Secretary for Aviation and International Affairs.

[FR Doc. 99–21998 Filed 8–25–99; 8:45 am]

BILLING CODE 4910–62–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 239, 270, 274 and 275

[Release Nos. 33–7728, IC–23958, IA–1815; File No. S7–25–95]

RIN 3235–AG27

Personal Investment Activities of Investment Company Personnel

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission (''Commission'') is adopting amendments to the rule under the Investment Company Act that addresses conflicts of interest that arise from personal trading activities of investment company personnel. The amendments will increase the oversight role of an investment company's board of directors with respect to codes of ethics, improve the manner in which investment company personnel report their personal securities holdings, and require prior approval of investments in initial public offerings and certain limited offerings by certain investment company personnel (including portfolio managers). Related amendments to disclosure forms will require investment companies to provide information about their policies concerning personal investment activities in their registration statements. The rule amendments are designed to enhance the board of directors' oversight of the policies governing personal transactions in securities by investment company personnel, help compliance personnel and the Commission's examinations staff in monitoring potential conflicts of interest and detecting potentially abusive activities, and make information about personal investment policies available to the public.

DATES: *Effective Date:* The rule amendments will become effective October 29, 1999. *Compliance Date:* Section IV of this release contains information on compliance dates.

FOR FURTHER INFORMATION CONTACT: Penelope W. Saltzman, Senior Counsel, or C. Hunter Jones, Assistant Director, Office of Regulatory Policy, Division of Investment Management, at (202) 942–0690, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549–0506.

SUPPLEMENTARY INFORMATION: The Commission is adopting amendments to rule 17j–1 [17 CFR 270.17j–1] under the Investment Company Act of 1940 [15 U.S.C. 80a] (the ''Investment Company Act'' or the ''Act''), rule 204–2 [17 CFR 275.204–2] under the Investment Advisers Act of 1940 [15 U.S.C. 80b] (the ''Advisers Act''), Forms N–1A [17 CFR 239.15A, 274.11A], N–2 [17 CFR 239.14, 274.11a–1], N–3 [17 CFR 239.17a, 274.11b] and N–5 [17 CFR 239.24, 274.5] under the Investment Company Act and the Securities Act of 1933 [15 U.S.C. 77a–77aa] (the ''Securities Act''), and Form N–8B–2 [17 CFR 274.12] under the Investment Company Act.[1]

Table of Contents

[1] Unless otherwise noted, all references to ''amended rule 17j–1,'' ''rule 17j–1, as amended,'' or any paragraph of the rule will be to 17 CFR 270.17j–1, as amended by this release, and all references to ''amended rule 204–2,'' ''rule 204–2, as amended,'' or any paragraph of the rule will be to 17 CFR 275.204–2, as amended by this release.