

assessment under Executive Order 13132.

4. The provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, the opportunity for public participation, and a delay in effective date, are inapplicable because this regulation involves a military and foreign affairs function of the United States (Sec. 5 U.S.C. 553(a)(1)). Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this rule. Accordingly, it is issued in final form.

List of Subjects

15 CFR Part 740

Administrative practice and procedure, Exports, Foreign trade, Reporting and recordkeeping requirements.

15 CFR Part 774

Exports, Foreign trade.

Accordingly, parts 740 and 774 of the Export Administration Regulations (15 CFR Parts 730–799) are amended to read as follows:

1. The authority citation for 15 CFR part 740 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; E.O. 12924, 59 FR 43437, 3 CFR, 1994 Comp., p. 917; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; Notice of August 3, 2000 (65 FR 48347, August 8, 2000).

2. The authority citation for 15 CFR part 774 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; 10 U.S.C. 7420; 10 U.S.C. 7430(e); 18 U.S.C. 2510 *et seq.*; 22 U.S.C. 287c, 22 U.S.C. 3201 *et seq.*, 22 U.S.C. 6004; 30 U.S.C. 185(s), 185(u); 42 U.S.C. 2139a; 42 U.S.C. 6212; 43 U.S.C. 1354; 46 U.S.C. app. 466c; 50 U.S.C. app. 5; E.O. 12924, 59 FR 43437, 3 CFR, 1994 Comp., p. 917; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; Notice of August 3, 2000 (65 FR 48347, August 8, 2000).

PART 740—CORRECTED

3. Section 740.7 is amended by revising the phrase “As of December 26, 2000” in the last sentence of paragraphs (c)(1) and (d)(1) to read “As of December 28, 2000”, and by revising the phrase “greater than 12,500 MTOPS” in paragraph (d)(4) to read “greater than 12,500 MTOPS”.

PART 774—CORRECTED

4. In Supplement No. 1 to part 774 (the Commerce Control List), Category 4—Computers is amended by revising the License Requirements section of Export Control Classification Number (ECCN) 4D002, to read as follows:

4D002 “Software” specially designed or modified to support “technology” controlled by 4E (except 4E980, 4E992, and 4E993).

License Requirements

REASON FOR CONTROL: NS, MT, AT, NP, XP

Control(s)	Country chart
NS applies to entire entry	NS Column 1.
MT applies to “software” for equipment controlled by 4E for MT reasons	MT Column 1.
AT applies to entire entry	AT Column 1.

NP applies to “software” for computers with a CTP greater than 6,500 Mtops, unless a License Exception is available. See § 742.3(b) of the EAR for information on applicable licensing review policies.

XP applies to “software” for computers with a CTP greater than 6,500 Mtops, unless a License Exception is available. See § 742.3(b) of the EAR for information on applicable licensing review policies.

* * * * *

Dated: October 27, 2000.

Steven C. Goldman,

Acting Assistant Secretary for Export Administration.

[FR Doc. 00–28307 Filed 11–2–00; 8:45 am]

BILLING CODE 3510–33–P

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

30 CFR Part 938

[PA–126–FOR]

Pennsylvania Regulatory Program

AGENCY: Office of Surface Mining Reclamation and Enforcement (OSM), Interior.

ACTION: Final rule; approval of amendment.

SUMMARY: OSM is approving an amendment to the Pennsylvania regulatory program (Pennsylvania program) under the Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. 1201 *et seq.*, as amended. The amendment revises certain portions of 25 Pennsylvania Code Chapter 86, Surface and Underground Mining: General, pertaining to ownership and control, bonding, civil penalties and areas unsuitable for mining. The amendments are intended to revise the Pennsylvania program to be consistent with the corresponding Federal regulations.

EFFECTIVE DATE: November 3, 2000.

FOR FURTHER INFORMATION CONTACT: Mr. Robert J. Biggi, Office of Surface Mining Reclamation and Enforcement, Harrisburg Field Office, Third Floor, Suite 3C, Harrisburg Transportation Center (Amtrack), 415 Market Street, Harrisburg, Pennsylvania 17101, Telephone: (717) 782–4036.

SUPPLEMENTARY INFORMATION:

- I. Background on the Pennsylvania Program
- II. Submission of the Amendment
- III. Director’s Findings
- IV. Summary and Disposition of Comments
- V. Director’s Decision
- VI. Procedural Determinations

I. Background on the Pennsylvania Program

On July 30, 1982, the Secretary of the Interior conditionally approved the Pennsylvania program. Background on the Pennsylvania program, including the Secretary’s findings and the disposition of comments can be found in the July 30, 1982 **Federal Register** (47 FR 33079). Subsequent actions concerning the regulatory program amendments are identified at 30 CFR 938.11, 938.15 and 938.16.

II. Submission of the Amendment

By letter dated November 2, 1999 (Administrative Record No. PA–845.02),

the Pennsylvania Department of Environmental Protection (PADEP) submitted an amendment to its approved regulatory program pertaining to ownership and control, bonding, civil penalties and areas unsuitable for mining pursuant to the Federal regulations at 30 CFR 732.17(b). Pennsylvania did so as a result of its Regulatory Basics Initiative (RBI) intended to revise regulations considered to be unclear, unnecessary or more stringent than the corresponding Federal regulation. The proposed rulemaking was published in the November 29, 1999 **Federal Register** (64 FR 66595). The public comment period closed on December 29, 1999. No one requested an opportunity to speak at a public hearing, so no hearing was held.

III. Director's Findings

Set forth below, pursuant to SMCRA and the Federal regulations at 30 CFR 732.15 and 732.17, are the Director's findings concerning the amendments to the Pennsylvania permanent regulatory program. Revisions not specifically discussed below concern paragraph notations to reflect organizational changes resulting from this amendment.

Section 86.1. Definitions

1. *Owned or controlled or owns or controls.* PADEP modifies the title to the definition by substituting the word "and" for the second "or" so it now reads "Owned or controlled and owns or controls." This change renders the title substantively identical to, and therefore no less effective than, the title to the Federal counterpart definition at 30 CFR 773.5. PADEP also modifies subparagraph (iii)(E) by deleting the specified percentages (10–50%) of instruments of ownership of a corporate entity necessary to establish a presumption of ownership or control, and by substituting a reference to percentages in the corresponding Federal regulations at 30 CFR 773.5(b)(5). This provision of the Federal regulations was vacated by the United States Court of Appeals for the District of Columbia Circuit in *National Mining Ass'n. v. United States Dept. of the Interior*, 177 F.3d 1, 7 (D.C. Cir. 1999). However, while the vacated Federal regulation cannot be implemented in a Federal program, the text of the regulation has not been deleted from the Code of Federal Regulations.

Moreover, pursuant to section 505(b) of SMCRA, 30 U.S.C. 1255(b), any state law or regulation "which provides for more stringent land use and environmental controls and regulations

of surface coal mining operations than do the provisions' of SMCRA "or any regulations issued pursuant thereto shall not be construed to be inconsistent" with SMCRA. As such, state programs may still choose to employ this criterion in defining ownership and control. Therefore, we are approving subparagraph (iii)(E) because it provides a basis for establishing a rebuttable presumption of ownership and control that is in addition to those contained in the Federal regulations.

2. *Related party.* PADEP is excluding from this definition persons who are excluded as owners or controllers based on a percentage of ownership under the definition of "owned or controlled and owns or controls." The term "related party" does not exist in the Federal regulations, but it has previously been approved by OSM, and remains part of Pennsylvania's approved program. We are approving this change to the definition because it makes it clear that the term "related party" is consistent with the term "owned or controlled and owns or controls," and because it does not render the Pennsylvania program inconsistent with SMCRA or the Federal regulations.

3. *Willful violation.* PADEP is adding this definition which states that a willful violation is an act or omission which violates the acts, this chapter, Chapter 87, 88, 89, or 90, or a permit condition required by them, committed by a person who intends the result which actually occurs.

The Director finds that this definition is substantively identical to, and therefore no less effective than the definition found in the Federal rules at 30 CFR 701.5.

Section 86.124(a)(6) Areas Unsuitable for Mining

PADEP is removing current language and substituting the following statement:

The Department may determine not to process any petition for a designation under § 86.122 (relating to criteria for designating lands as unsuitable) insofar as it pertains to an area for which an administratively complete surface mining operation permit application has been filed and the first newspaper notice has been published. The Department will provide written notice to the petitioner with a statement of its findings.

The Director finds that the revised language is substantively identical to and therefore no less effective than the corresponding portion of the Federal regulation at 30 CFR 764.15(a)(6).

Section 86.152(d) Adjustments (Bond Amount)

PADEP is adding section (d) to require notification of proposed adjustments to bond amounts to the permittee, the surety and any person with a property interest in collateral who has requested such notification. PADEP also adds language providing the permittee an opportunity for informal conference on the adjustment. The Director finds that the changes described above are substantively identical to and therefore no less effective than the Federal Regulations at 30 CFR 800.15(b).

Section 86.156 Form of the Bond

PADEP is adding, in new subsection (3), a self bond to the type of bonds the Department may accept. Existing subsection (3) is re-numbered as (4) and modified to state that the Department will accept "[a] combination of bonding instruments as provided in § 86.160 (relating to combination of bonding instruments) for coal surface mining activities." Existing subsections (4) and (5) are re-numbered as (5) and (6), respectively. The Director finds that the changes described above are substantively identical to and therefore no less effective than the Federal Regulations at 30 CFR 800.12.

Section 86.160 Combination of Bonding Instruments

PADEP is changing the title of this section from "Surety/collateral combination bond" to "Combination of Bonding Instruments," and is further modifying the section to include self bonds as part of the combination of bonds that may be accepted. The Director finds that the changes described above are substantively identical to and therefore no less effective than the Federal Regulations at 30 CFR 800.12(d).

Section 86.171 Procedures for Seeking Release of Bond

PADEP is modifying subsection (d) of this section, which currently requires the Department to inspect a site that has applied for bond release within 30 days of receipt of the complete application, or as soon thereafter as possible, to require inspection within 30 days of receipt of the completed application for bond release "or as soon thereafter as weather conditions permit." The Director finds that the changes described above are substantively identical to and therefore no less effective than corresponding language in the Federal Regulations at 30 CFR 800.40(b).

Section 86.182 Procedures

PADEP is adding a new subsection (a) which requires the Department to notify the permittee and surety of its intent to forfeit the bond. Existing subsections regarding bond forfeiture currently lettered as (a) through (g) are re-lettered as (b) through (h) without modification. The Director finds that the changes described above are substantively identical to and therefore no less effective than the Federal Regulations at 30 CFR 800.50(a)(1).

Section 86.193 Assessment of Penalty

PADEP is increasing the threshold for assessment of a civil penalty from \$1000 to \$1100 in subsections (b) and (c). PADEP also eliminates mandatory penalty amounts for violations of conducting surface mining activities off the permitted area by deleting subsections (d) through (g). The deleted provisions in subsections (d) through (g) have no Federal counterparts. The Department is retaining the requirement, in subsection 86.193(a), that it assess a civil penalty for each violation included as a basis for a cessation order. The Director notes that the Pennsylvania provision, as amended, imposes a lower threshold for mandatory assessment of a civil penalty (\$1,100) than the threshold (\$1,210) prescribed in the Federal regulations at 30 CFR 845.12(b). Otherwise, the amendments render the Pennsylvania provision substantively identical to its Federal counterparts. Therefore, the Director finds that the changes described above are consistent with the civil penalty provisions in the Federal Regulations at 30 CFR 845.12.

Section 86.194 System for Assessment of Penalties

PADEP is adding language in subsection (b)(1)(vi) allowing an additional civil penalty amount up to the statutory limit to be assessed in extraordinary circumstances.

PADEP also specifies \$3,000 as the upper limit to be assessed based on seriousness in subsection (b)(1).

PADEP also modifies subsection (b)(2), "Culpability," by lowering the maximum limit from \$1500 to \$1200. Also, the minimum amount for violations of willful or reckless conduct was lowered from \$2,000 to \$260.

PADEP is also changing the criteria for credit to be given for speed of compliance in subsection (b)(3).

PADEP deletes the phrase "without limitation" in subsection (b)(4), pertaining to penalties for costs expended by the Commonwealth as a result of the violation. The presumed

effect of this deletion is that costs are now limited to those listed in subdivisions (i) through (iv) of subsection (b)(4).

PADEP also reduces the review period for the history of previous violations from two years to one in subsection (b)(6).

PADEP is also adding new subsection (f) entitled "Revision of civil penalty." Subsection (1) is added and explains that the Department may revise a civil penalty calculated in accordance with dollar limits included in subsection (b) and that the basis for revision would be fully explained and documented. New subsection (2) is added to explain that if the Department revises the civil penalty, the Department will use the general criteria in subsection (b) and will give a written explanation of the basis for the revision to the person to whom the order was issued.

The Director finds that the changes described above are consistent with the Federal regulations at 30 CFR 845.13 and 845.16, except as follows. Subsection (f) contains language that is substantively identical to its Federal counterpart at 30 CFR 845.16(a), but it is punctuated differently, with the result that its meaning differs from the Federal regulation. In order to clarify the meaning of this provision, so that it can be interpreted to be no less effective than its Federal counterpart, the period after the first sentence, ending with "subsection (b)," must be changed to a comma, and the comma after the term "demonstrably unjust" must be changed to a period. Pennsylvania was informed of this in a teleconference by the Harrisburg, PA OSM Office, and agreed to make the change. The change was published in the Pennsylvania Bulletin dated September 23, 2000. (Administrative Record No. Pa. 845.09) The Director thus finds that the changes described render this provision substantively identical to and therefore consistent with the Federal regulations at 30 CFR 845.16(a).

Section 86.195(c) Penalties Against Corporate Officers

PADEP is adding new subsection (c) which allows a corporate officer to postpone payment of an individual civil penalty where the officer or permittee has agreed in writing on a plan for abatement of or compliance with a failure to abate order. The Director finds that the changes described above are substantively identical to and therefore consistent with the Federal Regulations at 30 CFR 846.18(c).

Section 86.201 Procedures for Assessment of Civil Penalties

PADEP is adding new subsection (a) to allow operators to submit information to the Department and the inspector concerning violations within 15 days of service of a notice of violation or order. Existing subsections (a) through (d) are re-lettered (b) through (e), respectively. PADEP is adding new subsection (f) to bar the use of evidence obtained in an assessment conference in formal review proceedings. Existing subsection (f) is re-lettered as (g). The Director finds that the changes described above are substantively identical to and therefore consistent with the Federal Regulations at 30 CFR 845.17(a) and 845.18(f).

Section 86.202 Final Action

PADEP is changing the title of this section from "Appeal Procedures" to "Final Action." The change is non-substantive in nature and does not render this provision inconsistent with its Federal counterpart at 30 CFR 845.19.

IV. Summary and Disposition of Comments*Federal Agency Comments*

On November 3, 1999, we asked for comments from various Federal agencies who may have an interest in the Pennsylvania amendment (Administrative Record Number 845.03). We solicited comments in accordance with section 503(b) of SMCRA and 30 CFR 732.17(h)(11)(i) of the Federal regulations. The Federal Mine Safety and Health Administration responded that it did not have any comments in letters dated November 19, 1999 (Administrative Records Numbers PA-845.04 and PA-845.05.)

Environmental Protection Agency (EPA)

Pursuant to 30 CFR 732.17(h)(11)(i) and (ii), OSM is required to solicit comments and obtain the written concurrence of the EPA with respect to those provisions of the proposed program amendment that relate to air or water quality standards promulgated under the authority of the Clean Water Act (33 U.S.C. 1251 *et seq.*) or the Clean Air Act (42 U.S.C. 7401 *et seq.*). The Director has determined that this amendment contains no such provisions and that EPA concurrence is therefore unnecessary. However, by letter dated November 3, 1999, we requested comments from EPA on the State's proposed amendment of November 2, 1999 (Administrative Record Number 845.02), and EPA responded in its letter dated November 29, 1999 (Administrative Record Number PA-

845.07) that it did not have any comments.

Public Comments

No comments were received in response to our request for public comments.

V. Director's Decision

Based on the above findings, we are approving the amendments to the Pennsylvania program. The Federal regulations at 30 CFR Part 938, codifying decisions concerning the Pennsylvania program, are being amended to implement this decision. This final rule is being made effective immediately (November 3, 2000) to expedite the State program amendment process and to encourage States to bring their programs into conformity with the Federal standards without undue delay. Consistency of State and Federal standards is required by SMCRA.

Section 503 of SMCRA provides that a State may not exercise jurisdiction under SMCRA unless the State program is approved by the Secretary. Similarly, 30 CFR 732.17(a) requires that any alteration of an approved State program be submitted to OSM for review as a program amendment. Thus, any changes to the State program are not enforceable until approved by OSM. The Federal regulations at 30 CFR 732.17(g) prohibit any unilateral changes to approved State programs. In the oversight of the Pennsylvania program, we will recognize only the statutes, regulations, and other materials approved by OSM, together with any consistent implementing policies, directives, and other materials. We will require that Pennsylvania enforce only such provisions.

VI. Procedural Determinations

Executive Order 12866—Regulatory Planning and Review

This rule is exempted from review by the Office of Management and Budget under Executive Order 12866.

Executive Order 12630—Takings

This rule does not have takings implications. This determination is based on the analysis performed for the counterpart federal regulation.

Executive Order 13132—Federalism

This rule does not have federalism implications. SMCRA delineates the roles of the federal and State governments with regard to the regulation of surface coal mining and reclamation operations. One of the purposes of SMCRA is to "establish a nationwide program to protect society and the environment from the adverse

effects of surface coal mining operations." Section 503(a)(1) of SMCRA requires that State laws regulating surface coal mining and reclamation operations be "in accordance with" the requirements of SMCRA, and section 503(a)(7) requires that State programs contain rules and regulations "consistent with" regulations issued by the Secretary pursuant to SMCRA.

Executive Order 12988—Civil Justice Reform

The Department of the Interior has conducted the reviews required by section 3 of Executive Order 12988 and has determined that, to the extent allowed by law, this rule meets the applicable standards of subsections (a) and (b) of that section. However, these standards are not applicable to the actual language of State regulatory programs and program amendments since each such program is drafted and promulgated by a specific State, not by OSM. Under sections 503 and 505 of SMCRA (30 U.S.C. 1253 and 1255) and 30 CFR 730.11, 732.15, and 732.17(h)(10), decisions on proposed State regulatory programs and program amendments submitted by the States must be based solely on a determination of whether the submittal is consistent with SMCRA and its implementing federal regulations and whether the other requirements of 30 CFR parts 730, 731, and 732 have been met.

National Environmental Policy Act

Section 702(d) of SMCRA (30 U.S.C. 1292(d)) provides that a decision on a proposed State regulatory program provision does not constitute a major federal action within the meaning of section 102(2)(C) of the National Environmental Policy Act (NEPA) (42 U.S.C. 4332(2)(C)). A determination has been made that such decisions are categorically excluded from the NEPA process (516 DM 8.4.A).

Paperwork Reduction Act

This rule does not contain information collection requirements that require approval by the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. 3507 *et seq.*).

Regulatory Flexibility Act

The Department of the Interior has determined that this rule will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). The State submittal which is the subject of this rule is based upon counterpart federal regulations for

which an economic analysis was prepared and certification made that such regulations would not have a significant economic effect upon a substantial number of small entities.

Accordingly, this rule will ensure that existing requirements previously promulgated by OSM will be implemented by the State. In making the determination as to whether this rule would have a significant economic impact, the Department relied upon the data and assumptions for the counterpart federal regulation.

Small Business Regulatory Enforcement Fairness Act

This rule is not a major rule under 5 U.S.C. 804(2), the Small Business Regulatory Enforcement Fairness Act. This rule:

a. Does not have an annual effect on the economy of \$100 million.

b. Will not cause a major increase in costs or prices for consumers, individual industries, federal, State, or local government agencies, or geographic regions.

c. Does not have significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of U.S. based enterprises to compete with foreign-based enterprises.

This determination is based upon the fact that the State submittal which is the subject of this rule is based upon counterpart federal regulations for which an analysis was prepared and a determination made that the federal regulation was not considered a major rule.

Unfunded Mandates

This rule will not impose a cost of \$100 million or more in any given year on any governmental entity or the private sector.

List of Subjects in 30 CFR Part 938

Intergovernmental relations, Surface mining, Underground mining.

Dated: October 11, 2000.

Allen D. Klein,

Regional Director, Appalachian Regional Coordinating Center.

For the reasons set out in the preamble, Title 30, Chapter VII, Subchapter T of the Code of Federal Regulations is amended as set forth below:

PART 938—PENNSYLVANIA

1. The authority citation for part 938 continues to read as follows:

Authority: 30 U.S.C. 1201 *et seq.*

2. Section 938.15 is amended in the table by adding a new entry in

chronological order by "Date of Final Publication" to read as follows:

§ 938.15 Approval of Pennsylvania regulatory program amendments.
* * * * *

Original amendment submission date	Date of final publication	Citation/description
November 2, 1999	November 3, 2000	25 Pa. Code 86.1, 86.124, 86.152, 86.156, 86.160, 86.171, 86.182, 86.193, 86.194, 86.195, 86.201, and 86.202.

[FR Doc. 00-28268 Filed 11-2-00; 8:45 am]
BILLING CODE 4310-05-P

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Parts 306 and 356

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

Marketable Book-Entry Treasury Bills, Notes, and Bonds; Minimum Par Amounts Required for STRIPS

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

ACTION: Final rule.

SUMMARY: The Department of the Treasury ("Treasury," "We," or "Us" is issuing in final form amendments to 31 CFR part 306 (General Regulations Governing U.S. Securities) and 31 CFR part 356 (Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds). The purpose of these amendments is to simplify and enhance market participants' ability to strip Treasury fixed-principal securities. "Stripping" a security means to separate it into its principal and interest components. The amendment modifies the minimum and multiple amounts that are required to strip Treasury fixed-principal securities by setting them each at \$1,000. It also eliminates the multiple requirement for the interest components that result from stripping, in effect making Treasury fixed-principal securities strippable "to the penny." Further, the amendment eliminates Exhibit C of this part, "Minimum Par Amounts for Fixed-Principal STRIPS," since this table will no longer be necessary. Finally, the amendment provides us the flexibility to designate a Treasury note or bond as strippable even if the note or bond was not originally designated as strippable by its offering announcement. This flexibility will allow us to make eligible for stripping outstanding five-year Treasury notes issued prior to September 30, 1997.

EFFECTIVE DATE: March 1, 2001, except for the amendment of § 356.31(a), which is effective November 3, 2000.

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

FOR FURTHER INFORMATION CONTACT: Lori Santamorena (Executive Director) or Chuck Andreatta (Senior Financial Advisory), Bureau of the Public Debt, Government Securities Regulations Staff, (202) 691-3632, or e-mail us at govsecreg@bpd.treas.gov.

SUPPLEMENTARY INFORMATION: 31 CFR part 356, also referred to as the uniform offering circular, sets out the terms and conditions for the sale and issuance to the public of marketable Treasury bills, notes, and bonds.¹ The uniform offering circular, in conjunction with offering announcements, represents a comprehensive statement of these terms and conditions.² This final rule modifies § 356.31, which pertains to STRIPS (Separate Trading of Registered Interest and Principal of Securities). It also eliminates Exhibit C ("Minimum Par Amounts for Fixed-Principal STRIPS"). In addition, this rule amends 31 CFR 306.128, which pertains to Treasury's discretion to supplement, amend, or revise regulations governing U.S. securities.

Stripping Treasury Securities "To the Penny"

The STRIPS program, which began in January 1985, allows holders of book-entry (electronic) Treasury notes and bonds to separate those securities into their separate principal and interest components. These components can

then be held and traded separately as zero-coupon securities. The interest components ("TINTs"), but not the principal components, are fungible (interchangeable). This means that TINTs with the same maturity date have the same identifying CUSIP number regardless of the underlying security from which they were stripped. Securities with the same CUSIP number are considered to be the same security.

Since its implementation, the STRIPS program has required that the par amount of a fully constituted Treasury fixed-principal³ security to be stripped must be an amount that, based on the stated interest rate of the security, will produce a TINT of \$1,000 or a multiples of \$1,000. Any amount greater than this par amount must be in a multiple of that amount. Once a book-entry security has been separated, each interest and principal component can then be maintained and transferred in multiples of \$1,000. This \$1,000 minimum and multiple requirement conforms with the minimum and multiple requirement of fully constituted Treasury notes and bonds.

The \$1,000 multiple requirement for the TINTs, however, results in a wide disparity in the par amounts of fully constituted (unstripped) securities with different interest rates that are needed to produce TINTs in multiples of \$1,000. For example, a note or bond with an interest rate of 6 1/8 percent requires a minimum of \$1,600,000 of the fully constituted security for stripping in order for the resulting TINTs to be in a multiple of \$1,000. In this example, the resulting TINTs have payment amounts of \$49,000. By contrast, a note or bond with an interest rate of 6 1/4 percent requires only a minimum par amount of \$32,000 to be stripped, with resulting TINTs of \$1,000, which is the minimum amounts for TINTs.

When we implemented a process to make TINTs from inflation-indexed securities fungible on March 31, 1999,⁴

¹ Includes both fixed-principal and inflation-indexed Treasury securities.

² The uniform offering circular was published as a final rule on January 5, 1993 (58 FR 412). The circular, as amended, is codified at 31 CFR part 356.

³ We use the term "fixed-principal" to distinguish such securities from Treasury "inflated-indexed" securities, whose principal amounts are adjusted periodically for inflation.

⁴ 63 FR 35782 (June 30, 1998).