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S.R. Miller,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.
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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

14 CFR Part 1241

Contract Appeals

AGENCY: National Aeronautics and Space Administration, (NASA).

ACTION: Final rule.

SUMMARY: NASA is amending Title 14 of the Code of Federal Regulations (CFR) by removing Part 1241, "Contract Appeals." The NASA Board of Contract Appeals no longer exists as a separate entity at NASA and its functions were assumed by the Armed Services Board of Contract Appeals. Section 18-33.211 of the NASA Federal Acquisition Regulation (FAR) Supplement adequately advises contracting officers and contractors that the Armed Services Board of Contract Appeals (ASBCA) is now NASA's authorized contract dispute forum.

EFFECTIVE DATE: February 9, 1995.

FOR FURTHER INFORMATION CONTACT: David P. Forbes, 202 358-2440.

SUPPLEMENTARY INFORMATION:

List of Subjects in 14 CFR Part 1241

Board of Contract Appeals, Administrative practice and procedure, Government contracts.

Under the authority, 42 U.S.C. 2473, 14 CFR Part 1241 is amended as follows:

PART 1241—[REMOVED AND RESERVED]

14 CFR Part 1241, consisting of §§ 1241.10 through 1241.234, is removed and reserved.

Edward A. Frankle,

General Counsel.

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DEPARTMENT OF THE TREASURY

Office of the Under Secretary for Domestic Finance

17 CFR Parts 400, 401, 402, 403, 404, 405, and 450

RIN 1505-AA44

Amendments to Regulations for the Government Securities Act of 1986

AGENCY: Office of the Under Secretary for Domestic Finance, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury ("Department") is publishing, as a final rule, amendments to the financial responsibility rules in part 402 and a conforming amendment to a recordkeeping requirement in part 404 of the regulations issued under the Government Securities Act of 1986 ("GSA"). The amendments raise the minimum capital requirements for all government securities brokers and dealers subject to the requirements of § 402.2 and establish a written notification requirement for certain withdrawals of capital. The amendments parallel the Securities and Exchange Commission's ("SEC") final and proposed amendments to the minimum net capital requirements for brokers and dealers subject to the requirements of 17 CFR 240.15c3-1 (Rule 15c3-1) and final rules regarding the withdrawal of capital. The Department is adopting the amendments unchanged from their proposed form.

DATES: Effective date: March 31, 1995. Further dates: see § 402.2e (Appendix E to § 402.2) for the phase-in schedule for the increased minimum capital levels.

FOR FURTHER INFORMATION CONTACT: Don Hammond (Assistant Director) or Kerry Lanham (Government Securities Specialist) at 202-219-3632. (TDD for the hearing impaired: 202-219-3988.)

SUPPLEMENTARY INFORMATION:

I. Background

The amendments to the Department's financial responsibility rules in part 402 raise the minimum capital requirements and establish written notification requirements for certain capital withdrawals for those government securities brokers and dealers subject to the provisions of § 402.2. Additionally, the Department is making a conforming change to the recordkeeping requirements of part 404 which is necessitated by the revisions to the minimum capital levels. The amendments parallel rule amendments adopted or proposed by the SEC. The

Department's amendments will increase investor confidence in the financial responsibility of government securities brokers and dealers without overburdening the government securities market.

The SEC published its final capital withdrawal regulations on March 5, 1991,¹ finalized its first change in minimum capital levels on November 24, 1992,² but has not yet finalized its second proposal³ on minimum capital levels for certain introducing firms. It is Treasury's objective, where practical, to have consistency with the SEC capital standard⁴ and, ultimately, develop a uniform capital rule for all government securities brokers and dealers registered with the SEC.⁵

The Department first published these amendments in proposed form on June 22, 1994,⁶ and the comment period closed on August 22, 1994. In addition, the National Association of Securities Dealers distributed the proposed changes to its potentially affected members. Treasury received no comments in response to the proposal.

II. Analysis

A. Minimum Capital Requirements

The SEC has either increased or proposed increasing the minimum net capital requirements for most brokers and dealers subject to Rule 15c3-1 to an amount ranging up to \$250,000, depending on the type of business conducted by the broker or dealer. The Treasury minimum dollar capital levels are based on liquid capital after deducting haircuts, which is comparable to the SEC's calculation of net capital. The Treasury capital rule⁷ currently has a \$5,000 minimum liquid capital requirement for introducing brokers⁸ and a \$25,000 minimum liquid capital requirement for all other government securities brokers and dealers⁹ subject to the rule. The Department believes that increasing the minimum levels is appropriate in order to provide better protection to investors

¹ Securities Exchange Act Release No. 28927 (February 20, 1991), 56 FR 9124 (March 5, 1991).

² Securities Exchange Act Release No. 31511 (November 24, 1992), 57 FR 56973 (December 2, 1992).

³ Securities Exchange Act Release No. 31512 (November 24, 1992), 57 FR 57027 (December 2, 1992).

⁴ 17 CFR 240.15c3-1.

⁵ The Treasury would have acted sooner on these amendments but its rulemaking authority under the GSA expired on October 1, 1991, and was not reauthorized until December 17, 1993. (107 Stat. 2344, Pub. L. 103-202).

⁶ 59 FR 32155 (June 22, 1994).

⁷ 17 CFR 402.2.

⁸ 17 CFR 402.2(c).

⁹ 17 CFR 402.2(b).