

account manager or the futures commission merchant allocating the order;

(4) Any employee, associated person, or limited partner of the account manager or the futures commission merchant allocating the order who affects or supervises the handling of the order;

(5) Any business affiliate that, directly or indirectly, controls, is controlled by, or is under common control with, the account manager or the futures commission merchant allocating the order; or

(6) Any spouse, parent, sibling, or child of the foregoing persons.

(iv) Account certification.

(A) Before placing the initial eligible order, the account manager must certify, in writing, to each futures commission merchant executing and/or allocating any part of the order that the account manager is aware of the provisions of this paragraph and is, and will remain, in compliance with the requirements of this paragraph.

(B) Before placing the initial eligible order, the account manager must provide each futures commission merchant allocating the order with a list of eligible futures accounts.

(v) Allocation.

(A) The account manager and the futures commission merchant allocating the order must allocate fills from each eligible order to eligible participating customer accounts prior to the end of the day the order is executed, as specified by exchange rules for this purpose.

(B) Allocations of eligible orders must be fair and non-preferential, taking into account the effect on each relevant portfolio in the bunched order.

(vi) Recordkeeping.

(A) Each eligible order must be identified on the office and floor order tickets at the time of placement. These order tickets also must identify the account manager placing the order.

(B) Each transaction resulting from an eligible order must be identified on contract market trade registers and other computerized trade practice surveillance records.

(C) The futures commission merchant carrying the account must identify each trade resulting from the execution of an eligible order on confirmation statements provided to eligible customer accounts.

(D) Each account manager must make available, upon request of any representative of the Commission or the United States Department of Justice, the following:

(1) The customer consent documents required pursuant to paragraph (a-1)(5)(iii)(A) of this section; and

(2) Records reflecting futures and option transactions, other transactions executed pursuant to the portfolio management strategy, and any other records that would identify the management strategy and relate to, or reflect upon, the fairness of the allocations.

(E) Each account manager must make available for review, upon request of an eligible customer, data sufficient for that customer to compare its results with those of other relevant customers. These data may be prepared so as not to disclose the identity of individual account holders.

(vii) Contract market rule enforcement programs. As part of its rule enforcement program, each contract market that adopts rules that allow the placement, execution, and allocation of eligible orders must adopt audit procedures to determine compliance with the certification, allocation, and recordkeeping requirements identified in paragraphs (a-1)(5)(iv), (v)(A), and (vi)(A) through (C) of this section.

\* \* \* \* \*

Issued in Washington, DC on December 31, 1997 by the Commission.

**Catherine D. Dixon,**

*Assistant Secretary of the Commission.*

[FR Doc. 98-240 Filed 1-6-98; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-119449-97]

RIN 1545-AV75

#### Qualified Zone Academy Bonds

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations that provide guidance to holders and issuers of qualified zone academy bonds. These proposed regulations reflect changes made by the Taxpayer Relief Act of 1997, Pub. L. No. 105-34, 111 Stat. 788 (1997), and affect holders and issuers of qualified zone academy bonds. The text of those temporary regulations also serves as the text of these proposed regulations. This

document also provides a notice of public hearing on these proposed regulations.

**DATES:** Written comments must be received by April 7, 1998. Outlines of topics to be discussed at the public hearing scheduled for May 27, 1998, must be received by May 6, 1998.

**ADDRESSES:** Send submissions to CC:DOM:CORP:R (REG-119449-97), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-119449-97), Courier's Desk, Internal Revenue Building, 1111 Constitution Avenue NW, Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting directly to the IRS Internet site at <http://www.irs.ustreas.gov/prod/taxregs/comments.html>. The public hearing will be held in Room 2615, Internal Revenue Building, 1111 Constitution Ave. NW, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Timothy L. Jones, (202) 622-3980; concerning submissions and the hearing, LaNita Van Dyke (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 1.1397E-1T, published in the Rules and Regulations portion of this issue of the **Federal Register**, is issued to provide guidance to holders and issuers of qualified zone academy bonds.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

##### Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and, because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small

Business Administration for comment on its impact on small business.

### Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. All comments will be available for public inspection and copying.

A public hearing has been scheduled for May 27, 1998, at 10:00 a.m. in Room 2615, Internal Revenue Building, 1111 C Constitution Avenue NW, Washington, DC. Because of access restrictions, visitors will not be admitted beyond the building lobby more than 15 minutes before the hearing starts.

The rules of 26 C.F.R. 601.601(a)(3) apply to the hearing.

Persons that wish to present oral comments at the hearing must submit written comments by April 7, 1998 and submit an outline of the topics to be discussed and time to be devoted to each topic (signed original and eight (8) copies) by May 6, 1998.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

### Drafting Information

Several persons from the Office of Chief Counsel and the Treasury Department participated in the development and drafting of these regulations.

### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

### Proposed Amendment to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

#### PART 1—INCOME TAXES

**Paragraph 1.** The authority citation for part 1 is amended by adding an entry in numerical order to read as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

Section 1.1397E-1 also issued under 26 U.S.C. 1397E(b) and 1397E(d). \* \* \*

**Par. 2.** Sections 1.1397E-1 is added to read as follows:

#### § 1.1397E-1 Qualified zone academy bonds.

[The text of this proposed section is the same as the text of § 1.1397E-1 published

elsewhere in this issue of the **Federal Register.**]

**Michael P. Dolan,**

*Deputy Commissioner of Internal Revenue.*

[FR Doc. 98-17 Filed 1-6-98; 8:45 am]

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 54

[REG-209485-86]

RIN 1545-AI93

### Continuation Coverage Requirements of Group Health Plans

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document contains proposed regulations that provide guidance under section 4980B of the Internal Revenue Code on certain changes made by the Health Insurance Portability and Accountability Act of 1996, the Omnibus Budget Reconciliation Act of 1989, and the Technical and Miscellaneous Revenue Act of 1988 relating to the continuation coverage requirements applicable to group health plans. The regulations will generally affect sponsors of and participants in group health plans, and they provide plan sponsors and plan administrators with guidance necessary to comply with the law.

**DATES:** Written comments and requests for a public hearing must be received by April 7, 1998.

**ADDRESSES:** Send Submissions to: CC:DOM:CORP:R (REG-209485-86), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-209485-86), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at [http://www.irs.ustreas.gov/prod/tax\\_regs/comments.html](http://www.irs.ustreas.gov/prod/tax_regs/comments.html).

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Russ Weinheimer, 202-622-4695; concerning submissions or requests for a hearing, LaNita VanDyke, 202-622-7190 (not toll-free numbers).

## SUPPLEMENTARY INFORMATION:

### Paperwork Reduction Act

The collection of information contained in this notice of proposed rulemaking has been submitted to the Office of Management and Budget (OMB) for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)). Comments on the collection of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, T:FP, Washington, DC 20224. Comments on the collection of information should be received by March 9, 1998. Comments are specifically requested concerning the following:

Whether the proposed collection of information is necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information;

How to enhance the quality, utility, and clarity of the information to be collected;

How to minimize the burden of complying with the proposed collection of information, including the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The collection of information is in proposed § 54.4980B-1(a)(1)(iii). This collection of information is required by statute. The likely respondents are individuals. Responses to this collection of information are required in order to obtain the benefit of an extended period during which a group health plan must make COBRA continuation coverage available.

*Estimated total annual reporting burden:* 440 hours.

*The estimated annual burden per respondent:* 1 minute.

*Estimated number of respondents:* 26,400.

*Estimated annual frequency of responses:* on occasion.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

Books or records relating to a collection of information must be