DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99–ASW–18]

Revision of Class E Airspace; Georgetown, TX

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Direct final rule; confirmation of effective date.

SUMMARY: This notice confirms the effective date of a direct final rule which revises Class E airspace at Georgetown, TX.

EFFECTIVE DATE: The direct final rule published at 64 FR 53894 is effective 0901 UTC, December 30, 1999.

FOR FURTHER INFORMATION CONTACT: Donald J. Day, Airspace Branch, Air Traffic Division, Southwest Region, Federal Aviation Administration, Fort Worth, TX 76193–0520, telephone: 817–222–5593.

SUPPLEMENTARY INFORMATION: The FAA published this direct final rule with a request for comments in the **Federal Register** on October 5, 1999 (64 [FR 53894). The FAA uses the direct final rulemaking procedure for a noncontroversial rule where the FAA believes that there will be no adverse public comment. This direct final rule advised the public that no adverse comments were anticipated, and that unless a written adverse comment, or a written notice of intent to submit such an adverse comment, were received within the comment period, the regulation would become effective on December 30, 1999. No adverse comments were received, and, thus, this action confirms that this direct final rule will be effective on that date.

Issued in Fort Worth, TX, on December 2, 1999.

Robert N. Stevens,

Acting Manager, Air Traffic Division, Southwest Region.

[FR Doc. 99–31978 Filed 12–8–99; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99–ASW–23]

Revision of Class E Airspace; Alice, TX

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Direct final rule; confirmation of effective date.

SUMMARY: This notice confirms the effective date of a direct final rule which revises Class E airspace at Alice, TX.

EFFECTIVE DATE: The direct final rule published at 64 FR 53896 is effective 0901 UTC, December 30, 1999.

FOR FURTHER INFORMATION CONTACT: Donald J. Day, Airspace Branch, Air Traffic Division, Southwest Region, Federal Aviation Administration, Fort Worth, TX 76193–0520, telephone: 817–232–5593.

SUPPLEMENTARY INFORMATION: The FAA published this direct final rule with a request for comments in the **Federal Register** on October 5, 1999 (64 FR 53896). The FAA uses the direct final rulemaking procedure for a noncontroversial rule where the FAA believes that there will be no adverse public comment. This direct final rule advised the public that no adverse comments were anticipated, and that unless a written adverse comment, or a written notice of intent to submit such an adverse comment, were received within the comment period, the regulation would become effective on December 30, 1999. No adverse comments were received, and, thus, this action confirms that this direct final rule will be effective on that date.

Issued in Forth, Worth, TX, on December 2, 1999.

Robert N. Stevens,

Acting Manager, Air Traffic Division, Southwest Region.

[FR Doc. 99–31977 Filed 12–8–99; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 99–ASW–20]

Revision of Class E Airspace; Mineral Wells, TX

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Direct final rule; confirmation of effective date.

SUMMARY: This notice confirms the effective date of a direct final rule which revises Class E airspace at Mineral Wells, TX.

EFFECTIVE DATE: The direct final rule published at 64 FR 53895 is effective 0901 UTC, December 30, 1999.

FOR FURTHER INFORMATION CONTACT: Donald J. Day, Airspace Branch, Air Traffic Division, Southwest Region, Federal Aviation Administration, Fort Worth, TX 76193–0520, telephone: 817–222–5593.

SUPPLEMENTARY INFORMATION: The FAA published this direct final rule with a request for comments in the **Federal Register** on October 5, 1999 (64 FR 53895). The FAA uses the direct final rulemaking procedure for a noncontroversial rule where the FAA believes that there will be no adverse public comment. This direct final rule advised the public that no adverse comments were anticipated, and that unless a written adverse comment, or a written notice of intent to submit such an adverse comment, were received within the comment period, the regulation would become effective on December 30, 1999. No adverse comments were received, and, thus, this action confirms that this direct final rule will be effective on that date.

Issued in Fort Worth, TX on December 2, 1999.

Robert N. Stevens,

Acting Manager, Air Traffic Division, Southwest Region.

[FR Doc. 99–31976 Filed 12–8–99; 8:45 am]

BILLING CODE 4910–13–M

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

15 CFR Part 902

50 CFR Part 622

[Docket No. 981229328–9249–02; I.D. 120998C]

RIN 0648–AK31

Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Reef Fish Fishery of the Gulf of Mexico; Amendment 16A; OMB Control Numbers

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule.

SUMMARY: NMFS issues this final rule to implement the approved measures in Amendment 16A to the Fishery Management Plan for the Reef Fish Resources of the Gulf of Mexico (FMP). This final rule prohibits possession of reef fish exhibiting trap rash on board a vessel that is in the exclusive economic zone (EEZ) of the Gulf of Mexico and that does not have a valid fish trap endorsement and requires fish trap

vessel owners or operators to provide trip initiation and trip termination reports and to comply with a vessel/gear inspection requirement. The provision of Amendment 16A that would have prohibited the use of fish traps in the EEZ of the Gulf of Mexico south of 25°03' N. lat. after February 7, 2001, has been disapproved. Finally, NMFS informs the public of the approval by the Office of Management and Budget (OMB) of the collection-of-information requirements contained in this rule, publishes the OMB control number for these collections, and corrects the list of control numbers applicable to title 50 of the Code of Federal Regulations. The intended effects of this rule are to enhance enforceability of fish trap measures and to conserve and manage the reef fish resources of the Gulf of Mexico.

DATES: This rule is effective January 10, 2000.

ADDRESSES: Copies of the final regulatory flexibility analysis (FRFA) may be obtained from the Southeast Regional Office, NMFS, 9721 Executive Center Drive N., St. Petersburg, FL 33702. Comments regarding the collection-of-information requirements contained in this rule should be sent to Edward E. Burgess, Southeast Regional Office, NMFS, 9721 Executive Center Drive N., St. Petersburg, FL 33702, and to the Office of Management and Budget (OMB), Washington, DC 20503 (Attention: NOAA Desk Officer).

FOR FURTHER INFORMATION CONTACT: Roy Crabtree, 727–570–5305.

SUPPLEMENTARY INFORMATION: The reef fish fishery of the Gulf of Mexico is managed under the FMP. The FMP was prepared by the Gulf of Mexico Fishery Management Council (Council) and is implemented under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) by regulations at 50 CFR part 622.

On December 18, 1998, NMFS announced the availability of Amendment 16A and requested comments on the amendment (63 FR 70093). On March 5, 1999, NMFS published a proposed rule to implement the measures in Amendment 16A and additional measures proposed by NMFS and requested comments on the rule (64 FR 10613). The background and rationale for the measures in the amendment and proposed rule, including a detailed explanation of inspection and reporting requirements, are contained in the preamble to the proposed rule and are not repeated here. On March 18, 1999, after considering the comments received on the amendment, NMFS partially approved Amendment 16A. NMFS disapproved the provision of Amendment 16A prohibiting the use of fish traps in the EEZ of the Gulf of Mexico south of 25°03' N. lat. after February 7, 2001.

NMFS implemented a 10-year phaseout of the fish trap fishery ending February 7, 2007, under Amendment 14 (62 FR 13983, March 25, 1997). Amendment 16A proposed a shorter phaseout period (ending February 7, 2001) for an area in Federal waters south of Cape Sable, FL (25°03' N. lat.) at the southernmost point of the Florida peninsula. NMFS disapproved this measure based on national standard 7 of the Magnuson-Stevens Act because no conservation benefits were shown, the measure would impose an unnecessary burden on fishermen, and the costs do not appear to be justified. Amendment 16A and subsequent public comment on the proposed rule demonstrate no overriding conservation benefits from the accelerated phaseout to justify overturning the Council's previous commitment to a 10-year phaseout. NMFS previously approved the elimination of fish traps in the Gulf of Mexico after February 7, 2007, as proposed in Reef Fish Amendment 14.

In the proposed rule, NMFS proposed a change from the one-time inspection proposed by the Council in Amendment 16A to an annual inspection. NMFS stated in the proposed rule that the need to monitor compliance in the fishery justified inspections on an annual basis. After further review, NMFS has concluded that annual inspections would be overly burdensome on participants in the fishery. Consequently, NMFS revised this final rule to require only a one-time inspection that is intended to accomplish the Council's objective of ensuring that all fish trap gear used in the Gulf of Mexico is in compliance with fish trap regulations.

Comments and Responses

NMFS received 6 comments on Amendment 16A and on the proposed rule, including a minority report from two members of the Council.

Comment 1: A commenter objected to the use of trap rash as a diagnostic tool that indicates that a fish was caught in a wire fish trap. This commenter stated that fish legally caught with stone crab pots always have trap rash.

Response: Trap rash is extreme physical damage to fish involving loss of body parts (e.g., fins, spines, teeth) and cuts, especially to the head, snout or mouth, resulting from prolonged retention in wire traps. Physical conditions resulting from brief retention in legal stone crab traps or coolers are not similar and cannot be confused with trap rash. Trap rash only occurs during prolonged retention in wire traps, and NMFS' enforcement experience indicates that prolonged retention is only associated with illegal traps. Legal fish traps are required to be tended on each fishing trip, and such practice does not allow sufficient time for trap rash to develop. Fish retained briefly in a stone crab trap or cooler may exhibit minor physical irritation resulting from having rubbed against the trap or cooler but do not have the serious physical damage referred to as trap rash.

Comment 2: Four commenters supported the accelerated phaseout of fish traps south of Cape Sable and objected to the NMFS disapproval of this measure in Amendment 16A. One commenter argued that the accelerated phaseout measure is consistent with national standard 7 of the Magnuson-Stevens Act and would result in significant conservation benefits and improved enforcement.

Response: NMFS believes the proposed accelerated phaseout of fish traps is inconsistent with national standard 7 of the Magnuson-Stevens Act because no conservation benefits were shown, the measure would impose an unnecessary burden on fishermen, and the costs do not appear to be justified. The Council's Regulatory Impact Review suggests that if the accelerated area phaseout had been approved, substantial increases in fish trapping costs due to relocation would have forced some vessels to cease their fishing operations. The Council did not show that other benefits would have accrued to the fishery that would have outweighed the negative costs. Furthermore, Amendment 16A does not substantiate the Council's assumption that continued fish trapping in the proposed area would contribute to bycatch problems, user group conflicts, or illegal trap use in adjacent state waters. The document demonstrates no overriding conservation benefits from the accelerated phaseout to justify overturning the Council's previous commitment to a 10-year phaseout. NMFS continues to support the elimination of fish traps in the Gulf of Mexico after February 7, 2007, as approved in Reef Fish Amendment 14.

Comment 3: Two Council members, in a minority report, opposed the accelerated phaseout of fish traps south of Cape Sable. The report states that this measure is a violation of national standards 2, 4, 5, 6, 7, and 8 of the Magnuson-Stevens Act. The report concludes that the measure is arbitrary

and capricious, and recommends disapproval.

Response: NMFS concurs that this measure was not adequately justified by the Council for the reasons stated above. NMFS disapproved this measure based on national standard 7 of the Magnuson-Stevens Act.

Changes From the Proposed Rule

In § 622.31(c)(2), the proposed language regarding the accelerated phaseout of fish traps south of Cape Sable, FL (25.05° N. lat.) was removed due to the disapproval of that provision.

In § 622.5(a)(1)(ii)(A)(*1*), the language proposed by NMFS that would have required an annual vessel/gear inspection was revised to require only a one-time inspection. This revision was based on NMFS' subsequent determination that annual inspections would be unduly burdensome.

Classification

Under NOAA Administrative Order 205–11, 7.01, dated December 17, 1990, the Under Secretary for Oceans and Atmosphere, Department of Commerce, has delegated authority to sign material for publication in the **Federal Register** to the Assistant Administrator for Fisheries, NOAA (AA).

The Regional Administrator, Southeast Region, NMFS, with the concurrence of the AA, determined that the approved measures of Amendment 16A are necessary for the conservation and management of the reef fish fishery of the Gulf of Mexico and that, with the exception of the measure that was not approved, Amendment 16A is consistent with the Magnuson-Stevens Act and other applicable law.

This final rule has been determined to be not significant for purposes of E.O. 12866.

NMFS prepared a FRFA for the final rule implementing Amendment 16A to the FMP. The FRFA was based on the IRFA, public comments, and subsequent analysis by NMFS. A summary of the FRFA follows.

This rule is needed because reports that fish trap fishing violations are continuing. The objective is to provide for improved monitoring and reporting of trap fishing operations as a means to increase the effectiveness of law enforcement activities. Amendment 16A proposed to prohibit the use of fish traps in the EEZ of the Gulf of Mexico south of 25°03' N. lat. after February 7, 2001; to prohibit possession of reef fish exhibiting trap rash (i.e., physical injuries characteristic of confinement in wire fish traps) on board a vessel that does not have a valid fish trap endorsement; and to require that fish trap vessel owners or operators provide trip initiation and trip termination reports and to comply with a vessel/gear inspection requirement. NMFS received several comments during the public comment period that addressed the economic impacts of the proposed accelerated phaseout of fish trapping in the area south of 25°03' N. lat. These comments indicated that there would be increased costs associated with longer transits to alternate fishing grounds and that the proposal would have increased safety risks. There were also comments in favor of the Council's proposal for an accelerated phase out, but these comments did not address issues about economic impacts. In general, NMFS agrees with the fishermen's economic concerns but disagrees with general comments supporting the accelerated phaseout. NMFS found that the accelerated phaseout was not supported by information in Amendment 16A, other available information, or by the public comments. Hence, the accelerated phaseout was disapproved, and that provision was removed from the final rule. There were no substantive public comments regarding the economic impacts of other provisions of the rule.

Approximately 86 vessels currently have fish trap endorsements. All of these are small entities, and all will be affected to about the same degree by the approved provisions of the rule. Existing data indicate that one class of fish trap vessels reported average annual gross sales of $93,426, average annual income net of variable costs and crew shares of $19,409, and average boat resale value of $55,846. Another class of vessels reported figures of $86,039 average gross sales, average annual net income of $21,025, and $48,118 boat resale value.

This rule contains two provisions that will require additional reporting and compliance efforts but no additional recordkeeping. All permitted trap fishermen will be required to schedule an appointment with NMFS law enforcement and have their vessels and trap gear inspected by a law enforcement officer. This will take an estimated 2 to 4 hours to comply. In addition, fishermen will be required to provide trip initiation and termination reports via a toll free call. Each call will take 5 minutes, or a total of 10 minutes per trip. Because the average vessel takes 29 trips per year, the average annual time burden per vessel is estimated to be 290 minutes or about 5 hours.

The Magnuson-Stevens Act provides the legal basis for all the approved provisions of the rule. Under existing regulations, all fish traps are to be phased out over a 10-year period. Three alternatives for a different phaseout period were considered in Amendment 16A: status quo, a 2-year phaseout of all fish trapping, and a 2-year phaseout for the area south of 25°03' N. lat. NMFS rejected the Council's alternative for the early phaseout of the use of fish traps south of 25°03' N. lat. because the associated negative economic impacts were not adequately justified or offset by benefits. Five alternatives were considered for a provision regarding the possession of reef fish exhibiting trap rash. The preferred alternative prohibits possession of reef fish that exhibit trap rash on board any vessel not possessing a valid fish trap endorsement. If this situation is observed by a law enforcement officer, it is considered to be prima facie evidence that the fish were taken illegally. Three rejected alternatives would have limited the possession of reef fish to a trip limit to be determined. These three rejected alternatives had an unknown level of economic impacts because there was no final determination of the actual trip limits. Another alternative would have provided that a spiny lobster or stone crab vessel that also had a reef fish permit could keep the same quantity of reef fish as any other permitted reef fish vessel. That alternative was rejected because it would not provide law enforcement with an adequate means to address the problem of illegal traps, even if the condition of trap rash was evident. Finally, the status quo was considered and rejected on the basis that a solution was needed to the use of trap rash as an indicator of the use of illegal traps. Two alternatives to the proposed provisions for inspection of the vessels/traps and to the requirement for trip initiation and termination reports were considered and rejected. One alternative was to close the fishery to all fish trapping for one month to allow time for the inspections of vessels and gear. This was rejected because a fixed one-month closure was considered unnecessarily burdensome compared to the preferred alternative that provides flexibility for scheduling inspections at times most convenient and least burdensome to the fishermen. The status quo was considered and rejected because it did not address the trap issue.

Copies of the FRFA are available (see **ADDRESSES**).

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the PRA unless that

collection of information displays a currently valid OMB control number.

This rule contains two new collection-of-information requirements subject to the Paperwork Reduction Act (PRA)—namely, a requirement for fish trap vessel operators to provide, via toll-free telephone calls, trip initiation and trip termination reports and a requirement for fish trap owners/operators to schedule, via telephone call, an appointment with NMFS enforcement to allow inspection of fish trap gear, fish trap permits and tags, and vessels. These requirements have been approved by OMB under OMB control number 0648–0392. The public reporting burdens for the telephone calls for the trip initiation and termination reports, and for scheduling the fish trap inspection are estimated at 5 minutes each per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collections of information. Send comments regarding these burden estimates or any other aspects of the collections of information, including suggestions for reducing the burden, to NMFS and OMB (see **ADDRESSES**).

List of Subjects

15 CFR Part 902

Reporting and recordkeeping requirements.

50 CFR Part 622

Fisheries, Fishing, Puerto Rico, Reporting and recordkeeping requirements, Virgin Islands.

Dated: December 2, 1999.

Andrew A. Rosenberg,

Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service.

For the reasons set out in the preamble, 15 CFR part 902 and 50 CFR part 622 are amended as follows:

15 CFR CHAPTER IX

PART 902—NOAA INFORMATION COLLECTION REQUIREMENTS UNDER THE PAPERWORK REDUCTION ACT: OMB CONTROL NUMBERS

1. The authority citation for part 902 continues to read as follows:

Authority: 44 U.S.C. 3501 *et seq.*

2. In § 902.1, the table in paragraph (b), under 50 CFR, is amended by adding the following entry in numerical order to read as follows:

§ 902.1 OMB control numbers assigned pursuant to the Paperwork Reduction Act.

* * * * *

(b) * * *

CFR part or section where the information collection requirement is located	Current OMB control number (all numbers begin with 0648–)
* * * * *	
50 CFR	
* * * * *	
622.5	–0392
* * * * *	

50 CFR CHAPTER VI

PART 622—FISHERIES OF THE CARIBBEAN, GULF, AND SOUTH ATLANTIC

3. The authority citation for part 622 continues to read as follows:

Authority: 16 U.S.C. 1801 *et seq.*

4. In § 622.5, paragraph (a)(1)(ii)(B) is added and reserved, and paragraph (a)(1)(ii)(A) is added to read as follows:

§ 622.5 Recordkeeping and reporting.

* * * * *

(a) * * *

(1) * * *

(ii) * * *

(A) *Fish traps.* In addition to the other reporting requirements in paragraph (a)(1)(ii) of this section, the owner or operator of a vessel for which a fish trap endorsement has been issued, as required under § 622.4(a)(2)(i), must comply with the following requirements.

(*1*) *Inspection.* The RA will establish a 1-month period for mandatory inspection of all fish trap gear, permits, and vessels. The RA will provide written notification of the inspection period to each owner of a vessel for which a fish trap endorsement has been issued as required under § 622.4(a)(2)(i). Each such owner or operator must contact the Special Agent-in-Charge, NMFS, Office of Enforcement, Southeast Region, St. Petersburg, FL (SAC) or his designee by telephone (727–570–5344) to schedule an inspection during the 1-month period. Requests for inspection must be made between 8:00 a.m. and 4:30 p.m. Monday through Friday and must be made at least 72 hours in advance of the desired inspection date. Inspections will be conducted Monday through Friday between 8:00 a.m. and 4:30 p.m. only. On the inspection date, the owner or operator must make all fish trap gear with attached trap tags and buoys and all applicable permits available for inspection on land. Vessels must also be made available for inspection as directed by the SAC or his designee. Upon completion of the inspection and a determination that all fish trap gear, permits, and vessels are in compliance, an owner or operator may resume fishing with the lawful gear. However, an owner or operator who fails to comply with the inspection requirements during the 1-month inspection period or during any other random inspection may not use or possess a fish trap in the Gulf EEZ until the required inspection or reinspection, as directed by the SAC, has been completed and all fish trap gear, permits, and vessels are determined to be in compliance with all applicable regulations.

(*2*) *Trip reports.* For each fishing trip on which a fish trap will be used or possessed, an owner or operator of a vessel for which a fish trap endorsement has been issued, as required under § 622.4(a)(2)(i), must submit a trip initiation report and a trip termination report to the SAC or his designee, by telephone, using the following 24–hour toll-free number—800–305–0697.

(*i*) *Trip initiation report.* The trip initiation report must be submitted before beginning the trip and must include: vessel name; official number; number of traps to be deployed; sequence of trap tag numbers; date, time, and point of departure; and intended time and date of trip termination.

(*ii*) *Trip termination report.* The trip termination report must be submitted immediately upon returning to port and prior to any offloading of catch or fish traps. The trip termination report must include: vessel name; official number; name and address of dealer where catch will be offloaded and sold; the time offloading will begin; notification of any lost traps; and notification of any traps left deployed for any reason.

(B) [Reserved]

* * * * *

4. In § 622.7, paragraph (d) is revised to read as follows:

§ 622.7 Prohibitions.

* * * * *

(d) Falsify or fail to maintain, submit, or provide information or fail to comply with inspection requirements or restrictions, as specified in § 622.5(a) through (f).

* * * * *

5. In § 622.41, paragraph (i) is added to read as follows:

§ 622.41 Species specific limitations.

* * * * *

(i) *Gulf reef fish exhibiting trap rash.* Gulf reef fish in or from the Gulf EEZ that exhibit trap rash may be possessed on board a vessel only if that vessel has a valid fish trap endorsement, as required under § 622.4(a)(2)(i), on board.

Possession of such fish on board a vessel without a valid fish trap endorsement is prima facie evidence of illegal trap use and is prohibited. For the purpose of this paragraph, trap rash is defined as physical damage to fish that characteristically results from contact with wire fish traps. Such damage includes, but is not limited to, broken fin spines, fin rays, or teeth; visually obvious loss of scales; and cuts or abrasions on the body of the fish, particularly on the head, snout, or mouth.

[FR Doc. 99–31969 Filed 12–8–99; 8:45 am]

BILLING CODE 3510–22–F

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. SAB 101]

Staff Accounting Bulletin No. 101

AGENCY: Securities and Exchange Commission.

ACTION: Publication of Staff Accounting Bulletin.

SUMMARY: This staff accounting bulletin summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The staff is providing this guidance due, in part, to the large number of revenue recognition issues that registrants encounter. For example, a March 1999 report entitled *Fraudulent Financial Reporting: 1987–1997 An Analysis of U. S. Public Companies*, sponsored by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, indicated that over half of financial reporting frauds in the study involved overstating revenue.

EFFECTIVE DATES: December 3, 1999.

FOR FURTHER INFORMATION CONTACT: Richard Rodgers, Scott Taub, or Eric Jacobsen, Professional Accounting Fellows (202/942–4400) or Robert Bayless, Division of Corporation Finance (202/942–2960), Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549; electronic addresses: RodgersR@sec.gov; TaubS@sec.gov; JacobsenE@sec.gov; BaylessR@sec.gov.

SUPPLEMENTARY INFORMATION: The statements in the staff accounting bulletins are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the Federal securities laws.

Dated: December 3, 1999

Jonathan G. Katz,

Secretary.

PART 211—[AMENDED]

Subpart B

Accordingly, Part 211 of Title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 101 to the table found in Subpart B.

Staff Accounting Bulletin No. 101

[The text of Staff Accounting Bulletin No. 101 will not appear in the CFR.]

The staff hereby adds new major Topic 13, ''Revenue Recognition,'' and Topic 13–A, ''Views on Selected Revenue Recognition Issues,'' to the Staff Accounting Bulletin Series. Topic 13–A provides the staff's views in applying generally accepted accounting principles to selected revenue recognition issues. In addition, the staff hereby revises Topic 8–A to conform to FASB Statement No. 13, *Accounting for Leases.*

Topic 13: Revenue Recognition

A. Selected Revenue Recognition Issues

1. Revenue Recognition—General

The accounting literature on revenue recognition includes both broad conceptual discussions as well as certain industry-specific guidance. Examples of existing literature on revenue recognition include Financial Accounting Standards Board (FASB) Statements of Financial Accounting Standards (SFAS) No. 13, *Accounting for Leases*, No. 45, *Accounting for Franchise Fee Revenue*, No. 48, *Revenue Recognition When Right of Return Exists*, No. 49, *Accounting for Product Financing Arrangements*, No. 50, *Financial Reporting in the Record and Music Industry*, No. 51, *Financial Reporting by Cable Television Companies*, and No. 66, *Accounting for Sales of Real Estate*; Accounting Principles Board (APB) Opinion No. 10, *Omnibus Opinion—1966*; Accounting Research Bulletin (ARB) Nos. 43 (Chapter 1a) and 45, *Long-Term Construction-Type Contracts*; American Institute of Certified Public Accountants (AICPA) Statements of Position (SOP) No. 81–1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*, and No. 97–2, *Software Revenue Recognition*; Emerging Issues Task Force (EITF) Issue No. 88–18, *Sales of Future Revenues*, No. 91–9, *Revenue and Expense Recognition for Freight Services in Process*, No. 95–1, *Revenue Recognition on Sales with a Guaranteed Minimum Resale Value*, and No. 95–4, *Revenue Recognition on Equipment Sold and Subsequently Repurchased Subject to an Operating Lease*; and FASB Statement of Financial Accounting Concepts (SFAC) No. 5, *Recognition and Measurement in Financial Statements of Business Enterprises.*[1] If a transaction is within the scope of specific authoritative literature that provides revenue recognition guidance, that literature should be applied. However, in the absence of authoritative literature addressing a specific arrangement or a specific industry, the staff will consider the existing authoritative accounting standards as well as the broad revenue recognition criteria specified in the FASB's conceptual framework that contain basic guidelines for revenue recognition.

Based on these guidelines, revenue should not be recognized until it is realized or realizable and earned.[2] SFAC No. 5, paragraph 83(b) states that ''an entity's revenue-earning activities involve delivering or producing goods, rendering services, or other activities that constitute its ongoing major or central operations, and revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues'' [footnote reference omitted]. Paragraph 84(a) continues ''the two conditions (being realized or realizable and being earned) are usually met by the time product or merchandise is delivered or services are rendered to customers, and revenues from manufacturing and selling activities and gains and losses from sales of other assets are commonly recognized at time of sale (usually meaning delivery)'' [footnote reference omitted]. In addition, paragraph 84(d) states that ''If services are rendered or rights to use assets extend continuously over time (for example, interest or rent), reliable measures based on contractual prices

[1] In February 1999, the AICPA published a booklet entitled ''Audit Issues in Revenue Recognition.'' This booklet provides an overview of the current authoritative accounting literature and auditing procedures for revenue recognition and identifies indicators of improper revenue recognition.

[2] SFAC No. 5, ¶ 83–84; ARB No. 43, Chapter 1A, ¶ 1; APB Opinion No. 10, ¶ 12. The citations provided herein are not intended to present the complete population of citations where a particular criterion is relevant. Rather, the citations are intended to provide the reader with additional reference material.