

(2) In particular, an account or note receivable is not described in section 1221(a)(4) on the grounds that the taxpayer's act of acquiring (including originating) the account or note receivable constitutes, or includes, the provision of a service or services to the issuer of the account or note receivable, to the secondary market in which accounts or notes receivable of this sort may trade, or to the participants in that market. If a lender, however, separately invoiced reasonable fees for services that the lender rendered to the borrower in connection with a lending transaction and if the lender received as evidence of the obligation to make payment of those fees an account or note receivable that is separate from the debt instrument that was originated in the lending transaction, then this paragraph (e)(2) does not prevent the separate account or note receivable from being described in section 1221(a)(4).

(3) This paragraph (e) applies to accounts or notes receivable acquired after the date the final regulations are published in the **Federal Register**.

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Mark E. Matthews,

Deputy Commissioner for Services and Enforcement.

[FR Doc. E6-12789 Filed 8-4-06; 8:45 am]

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DEPARTMENT OF DEFENSE

32 CFR Part 312

[Docket No. DOD-2006-OS-0168]

RIN 0790-AI01

Inspector General; Privacy Act; Implementation

AGENCY: Inspector General, DoD.

ACTION: Proposed rule.

SUMMARY: The Office of the Inspector General (OIG) is proposing to exempt a new system of records in its inventory of systems of records pursuant to the Privacy Act of 1974 (5 U.S.C. 552), as amended, to protect records that are presently exempt from certain requirements of the Act.

DATES: Comments must be received on or before October 6, 2006 to be considered by this agency.

ADDRESSES: You may submit comments, identified by docket number and or RIN number and title, by any of the following methods.

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

- Mail: Federal Docket Management System Office, 1160 Defense Pentagon, Washington, DC 20311-1160.

Instructions: All submissions received must include the agency Name and docket number or Regulatory Information Number (RIN) for this **Federal Register** document. The general policy for comments and other submissions for members of the public is to make these submissions available for public viewing on the Internet at <http://regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT: Mr. Darryl R. Aaron at (703) 604-9785.

SUPPLEMENTARY INFORMATION:

Executive Order 12866, "Regulatory Planning and Review"

It has been determined that Privacy Act rules for the Department of Defense are not significant rules. The rules do not (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy; a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another Agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive order.

Public Law 96-354, "Regulatory Flexibility Act" (5 U.S.C. Chapter 6)

It has been determined that Privacy Act rules for the Department of Defense do not have significant economic impact on a substantial number of small entities because they are concerned only with the administration of Privacy Act systems of records within the Department of Defense.

Public Law 96-511, "Paperwork Reduction Act" (44 U.S.C. Chapter 35)

It has been determined that Privacy Act rules for the Department of Defense impose no information requirements beyond the Department of Defense and that the information collected within the Department of Defense is necessary and consistent with 5 U.S.C. 552a, known as the Privacy Act of 1974.

Section 202, Public Law 104-4, "Unfunded Mandates Reform Act"

It has been determined that Privacy Act rulemaking for the Department of Defense does not involve a Federal mandate that may result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100 million or more and that such rulemaking will not significantly or uniquely affect small governments.

Executive Order 13132, "Federalism"

It has been determined that Privacy Act rules for the Department of Defense do not have federalism implications. The rules do not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government.

List of Subjects in 32 CFR Part 312

Privacy.

Accordingly, 32 CFR part 312 is proposed to be amended as follows:

PART 312—OIG PRIVACY ACT PROGRAM

1. The authority citation for 32 CFR part 312 continues to read as follows:

Authority: Pub. L. 93-579, 88 Stat. 1896 (5 U.S.C. 552a).

2. Section 312.12, is proposed to be revised by adding paragraph (j) to read as follows:

§ 312.12 Exemptions.

(j) *System identifier:* CIG 23.

(1) *System name:* Public Affairs Files.

Exemption: During the course of processing a request for information, exempt materials from other systems of records may in turn become part of the records in this system. To the extent that copies of exempt records from those 'other' systems of records are entered into this Public Affairs Files, the Office of the Inspector General hereby claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary systems of records which they are a part.

(3) *Authority:* 5 U.S.C. 552(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6), and (k)(7).

(4) *Reasons:* Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent (1) such provisions have been identified and an exemption claimed for the original record and (2) the purposes underlying the exemption for the original record still pertain to the record which is now contained in this

system of records. In general, the exemptions were claimed in order to protect properly classified information relating to national defense and foreign policy, to avoid interference during the conduct of criminal, civil, or administrative actions or investigations, to ensure protective services provided the President and others are not compromised, to protect the identity of confidential sources incident to Federal employment, military service, contract, and security clearance determinations, to preserve the confidentiality and integrity of Federal testing materials, and to safeguard evaluation materials used for military promotions when furnished by a confidential source. The exemption rule for the original records will identify the specific reasons why the records are exempt from specific provisions of 5 U.S.C. 552a.

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Dated: August 1, 2006.

C.R. Choate,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 06-6719 Filed 8-4-06; 8:45 am]

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DEPARTMENT OF DEFENSE

32 CFR Part 318

[Docket No. D0D-2006-OS-0169]

RIN 0790-AI03

Defense Threat Reduction Agency; Privacy Act; Implementation

AGENCY: Defense Threat Reduction Agency DoD.

ACTION: Proposed rule.

SUMMARY: The Defense Threat Reduction Agency is proposing to exempt those records contained in HDTRA 021, entitled "Freedom of Information Act and Privacy Act Case Files" when an exemption has been previously claimed for the records in another Privacy Act system of records. The exemption is intended to preserve the exempt status of the record when the purposes underlying the exemption for the original records are still valid and necessary to protect the contents of the records.

DATES: Comments must be received by October 6, 2006.

ADDRESSES: You may submit comments, identified by docket number and or RIN number and title, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

- Mail: Federal Docket Management System Office, 1160 Defense Pentagon, Washington, DC 20301-1160.

Instructions: All submissions received must include the agency name and docket number or Regulatory Information Number (RIN) for this **Federal Register** document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the Internet at <http://regulations.gov> as they are received without change, including any personal identifiers or contact information.

FOR FURTHER INFORMATION CONTACT: Ms. Brenda M. Carter at (703) 767-1771 or DSN 427-1771.

SUPPLEMENTARY INFORMATION:

Executive Order 12866, "Regulatory Planning and Review"

It has been determined that Privacy Act rules for the Department of Defense are not significant rules. The rules do not (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy; a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another Agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

Public Law 96-354, "Regulatory Flexibility Act" (5 U.S.C. Chapter 6)

It has been determined that Privacy Act rules for the Department of Defense do not have significant economic impact on a substantial number of small entities because they are concerned only with the administration of Privacy Act systems of records within the Department of Defense.

Public Law 96-511, "Paperwork Reduction Act" (44 U.S.C. Chapter 35)

It has been determined that Privacy Act rules for the Department of Defense impose no information requirements beyond the Department of Defense and that the information collected within the Department of Defense is necessary and consistent with 5 U.S.C. 552a, known as the Privacy Act of 1974.

Section 202, Public Law 104-4, "Unfunded Mandates Reform Act"

It has been determined that Privacy Act rulemaking for the Department of Defense does not involve a Federal mandate that may result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100 million or more and that such rulemaking will not significantly or uniquely affect small governments.

Executive Order 13132, "Federalism"

It has been determined that Privacy Act rules for the Department of Defense do not have federalism implications. The rules do not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government.

List of Subjects in 32 CFR Part 318

Privacy.

Accordingly, 32 CFR part 318 is proposed to be amended as follows:

PART 318—DEFENSE THREAT REDUCTION AGENCY PRIVACY PROGRAM

1. The authority citation for 32 CFR part 318 continued to read as follows:

Authority: Pub. L. 93-579, 88 Stat. 1896 (5 U.S.C. 552a).

2. Section 318.16 is proposed to be amended by adding paragraph (d) as follows:

§ 318.16 Exemption rules.

* * * * *

(d) *System identifier and name:* HDTRA 021, Freedom of Information Act and Privacy Act Request Case Files.

(1) *Exemption:* During the processing of a Freedom of Information Act or Privacy Act request exempt materials from other systems of records may in turn become part of the case record in this system. To the extent that copies of exempt records from those 'other' systems of records are entered into this system, the Defense Threat Reduction Agency claims the same exemptions for the records from those 'other' systems that are entered into this system, as claimed for the original primary system of which they are a part.

(2) *Authority:* 5 U.S.C. 552a(j)(2), (k)(1), (k)(2), (k)(3), (k)(4), (k)(5), (k)(6) and (k)(7).

(3) *Reasons:* Records are only exempt from pertinent provisions of 5 U.S.C. 552a to the extent such provisions have been identified and an exemption