

§ 91.1603 Special Federal Aviation Regulation No. 112—Prohibition Against Certain Flights in the Tripoli Flight Information Region (FIR) (HLLL).

(a) *Applicability.* This Special Federal Aviation Regulation (SFAR) applies to the following persons:

(1) All U.S. air carriers and U.S. commercial operators;

(2) All persons exercising the privileges of an airman certificate issued by the FAA, except when such persons are operating U.S.-registered aircraft for a foreign air carrier; and

(3) All operators of U.S.-registered civil aircraft, except where the operator of such aircraft is a foreign air carrier.

(b) *Flight prohibition.* Except as provided in paragraphs (c) and (d) of this section, no person described in paragraph (a) of this section may conduct flight operations in the Tripoli Flight Information Region (FIR) (HLLL).

(c) *Permitted operations.* This section does not prohibit persons described in paragraph (a) of this section from conducting flight operations in the Tripoli Flight Information Region (FIR) (HLLL) under the following circumstances:

(1) Overflights of the Tripoli FIR (HLLL) may be conducted at altitudes at or above FL300, subject to the approval of, and in accordance with the conditions established by, the appropriate authorities of Libya.

(2) Flight operations in the Tripoli FIR (HLLL) at altitudes below FL300 are permitted if they are conducted under a contract, grant, or cooperative agreement with a department, agency, or instrumentality of the U.S. Government (or under a subcontract between the prime contractor of the department, agency, or instrumentality and the person described in paragraph (a) of this section) with the approval of the FAA, or under an exemption issued by the FAA. The FAA will consider requests for approval or exemption in a timely manner, with the order of preference being: First, for those operations in support of U.S. Government-sponsored activities; second, for those operations in support of government-sponsored activities of a foreign country with the support of a U.S. Government department, agency, or instrumentality; and third, for all other operations.

(d) *Emergency situations.* In an emergency that requires immediate decision and action for the safety of the flight, the pilot in command of an aircraft may deviate from this section to the extent required by that emergency. Except for U.S. air carriers and commercial operators that are subject to the requirements of 14 CFR part 119, 121, 125, or 135, each person who

deviates from this section must, within 10 days of the deviation, excluding Saturdays, Sundays, and Federal holidays, submit to the responsible Flight Standards Office a complete report of the operations of the aircraft involved in the deviation, including a description of the deviation and the reasons for it.

(e) *Expiration.* This Special Federal Aviation Regulation (SFAR) will remain in effect until March 20, 2021. The FAA may amend, rescind, or extend this SFAR, as necessary.

Issued in Washington, DC, under the authority of 49 U.S.C. 106(f) and (g), 40101(d)(1), 40105(b)(1)(A), and 44701(a)(5), on March 12, 2019.

Daniel K. Elwell,

Acting Administrator.

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DEPARTMENT OF STATE

22 CFR Parts 35, 103, 127, and 138

[Public Notice 10692]

RIN 1400-AE75

Department of State 2019 Civil Monetary Penalties Inflationary Adjustment

AGENCY: Department of State.

ACTION: Final rule.

SUMMARY: This final rule is issued to adjust the civil monetary penalties (CMP) for regulatory provisions maintained and enforced by the Department of State. The revised CMP adjusts the amount of civil monetary penalties assessed by the Department of State based on the December 2018 guidance from the Office of Management and Budget. The new amounts will apply only to those penalties assessed on or after the effective date of this rule, regardless of the date on which the underlying facts or violations occurred.

DATES: This final rule is effective on March 19, 2019.

FOR FURTHER INFORMATION CONTACT: Alice Kottmyer, Attorney-Adviser, Office of Management, kottmyeram@state.gov. ATTN: Regulatory Change, CMP Adjustments, (202) 647-2318.

SUPPLEMENTARY INFORMATION: The Federal Civil Penalties Inflation Adjustment Act of 1990, Public Law 101-410, as amended by the Debt Collection Improvement Act of 1996, Public Law 104-134, required the head of each agency to adjust its CMPs for inflation no later than October 23, 1996

and required agencies to make adjustments at least once every four years thereafter. The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Section 701 of Public Law 114-74 (the 2015 Act) further amended the 1990 Act by requiring agencies to adjust CMPs, if necessary, pursuant to a “catch-up” adjustment methodology prescribed by the 2015 Act, which mandated that the catch-up adjustment take effect no later than August 1, 2016. Additionally, the 2015 Act required agencies to make annual adjustments to their respective CMPs in accordance with guidance issued by the Office of Management and Budget (OMB).

Based on these statutes, the Department of State (the Department) published a final rule in June 2016 to implement the “catch-up” provisions; and annual updates to its CMPs in January 2017 and January 2018.

On December 14, 2018, OMB notified agencies that the annual cost-of-living adjustment multiplier for 2019, based on the Consumer Price Index, is 1.02522. Additional information may be found in OMB Memorandum M-19-04, at: https://www.whitehouse.gov/wp-content/uploads/2017/11/m_19_04.pdf. This final rule amends Department CMPs for fiscal year 2019.

Overview of the Areas Affected by This Rule

Within the Department of State (title 22, Code of Federal Regulations), this rule affects four areas:

(1) Part 35, which implements the Program Fraud Civil Remedies Act of 1986 (PFCRA), codified at 31 U.S.C. 3801-3812;

(2) Part 103, which implements the Chemical Weapons Convention Implementation Act of 1998 (CWC Act);

(3) Part 127, which implements the penalty provisions of sections 38(e), 39A(c), and 40(k) of the Arms Export Control Act (AECA) (22 U.S.C. 2778(e), 2779a(c), 2780(k)); and

(4) Part 138, which implements Section 319 of Public Law 101-121, codified at 31 U.S.C. 1352, and prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal government in connection with a specific contract.

Specific Changes to 22 CFR Made by This Rule

I. Part 35

The PFCRA, enacted in 1986, authorizes agencies, with approval from the Department of Justice, to pursue

individuals or firms for false claims. Applying the 2019 multiplier (1.02522), the new maximum liabilities are as follows: \$11,463, up to a maximum of \$343,903.

II. Part 103

The CWC Act provided domestic implementation of the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on Their Destruction. The penalty provisions of the CWC Act are codified at 22 U.S.C. 6761. Applying the 2019 multiplier (1.02522), the new maximum amounts are as follows: *Prohibited acts related to inspections*, \$38,549; for *Recordkeeping violations*, \$7,710.

III. Part 127

The Assistant Secretary of State for Political-Military Affairs is responsible for the imposition of CMPs under the

International Traffic in Arms Regulations (ITAR), which is administered by the Directorate of Defense Trade Controls (DDTC).

(1) AECA section 38(e):

Applying the 2019 multiplier (1.02522), the new maximum penalty under 22 U.S.C. 2778 (22 CFR 127.10(a)(1)(i)) is \$1,163,217.

(2) AECA section 39A(c):

Applying the multiplier, the new maximum penalty under 22 U.S.C. 2779a (22 CFR 127.10(a)(1)(ii)) is \$845,764, or five times the amount of the prohibited payment, whichever is greater.

(3) AECA section 40(k):

Applying the multiplier, the new maximum penalty under 22 U.S.C. 2780 (22 CFR 127.10(a)(1)(iii)) is \$1,006,699.

IV. Part 138

Section 319 of Public Law 101–121, codified at 31 U.S.C. 1352, provides

penalties for recipients of Federal contracts, grants, and loans who use appropriated funds to lobby the Executive or Legislative Branches of the Federal government in connection with a specific contract, grant, or loan. Any person who violates that prohibition is subject to a civil penalty. The statute also requires each person who requests or receives a Federal contract, grant, cooperative agreement, loan, or a Federal commitment to insure or guarantee a loan, to disclose any lobbying; there is a penalty for failure to disclose.

The maximum penalties for both improper expenditures and failure to disclose, is: For first offenders, \$19,809; for others, not less than \$20,134, and not more than \$201,340.

Summary

Citation in 22 CFR	2018 Amount of penalty	New amount of penalty
§ 35.3	\$11,181 up to \$335,443	\$11,463 up to \$343,903.
§ 103.6 <i>Prohibited Acts</i>	\$37,601	\$38,549.
§ 103.6 <i>Recordkeeping Violations</i>	\$7,520	\$7,710.
§ 127.10(a)(1)(i)	\$1,134,602	\$1,163,217.
§ 127.10(a)(1)(ii)	\$824,959 or 5 times the amount of the prohibited payment, whichever is greater.	\$845,764 or 5 times the amount of the prohibited payment, whichever is greater.
§ 127.10(a)(1)(iii)	\$981,935	\$1,006,699.
§ 138.400 <i>First Offenders</i>	\$19,322	\$19,809.
§ 138.400	\$19,639 up to \$196,387	\$20,134 up to \$201,340.

2019 multiplier: 1.02522.

Effective Date of Penalties

The revised CMP amounts will go into effect on the date this rule is published. All violations for which CMPs are assessed on or after the effective date of this rule, regardless of whether the violation occurred before the effective date, will be assessed at the adjusted penalty level.

Future Adjustments and Reporting

The 2015 Act directed agencies to undertake an annual review of CMPs using a formula prescribed by the statute. Annual adjustments to CMPs are made in accordance with the guidance issued by OMB. As in this rulemaking, the Department of State will publish notification of annual inflation adjustments to CMPs in the **Federal Register** no later than January 15 of each year, with the adjusted amount taking effect immediately upon publication. (This publication was delayed due to the lapse in appropriations in January 2019.)

Regulatory Analysis and Notices

Administrative Procedure Act

The Department of State is publishing this rule using the “good cause” exception to the Administrative Procedure Act (5 U.S.C. 553(b)), as the Department has determined that public comment on this rulemaking would be impractical, unnecessary, or contrary to the public interest. This rulemaking is mandatory and entirely without agency discretion; it implements Public Law 114–74. See 5 U.S.C. 553(d)(3).

Regulatory Flexibility Act

Because this rulemaking is exempt from 5 U.S.C. 553, a Regulatory Flexibility Analysis is not required.

Unfunded Mandates Reform Act of 1995

This rule does not involve a mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any year and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This rule is not a major rule within the meaning of the Small Business Regulatory Enforcement Fairness Act of 1996.

Executive Orders 12372 and 13132

This amendment will 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. Therefore, in accordance with Executive Order 13132, it is determined that this amendment does not have sufficient federalism implications to require consultations or warrant the preparation of a federalism summary impact statement.

Executive Orders 12866, 13563, and 13771

The Department believes that benefits of the rulemaking outweigh any costs, and there are no feasible alternatives to this rulemaking. It is the Department’s position that this rulemaking is not an economically significant rule under the criteria of Executive Order 12866, and is

consistent with the provisions of Executive Order 13563. This rule is not an E.O. 13771 regulatory action because this rule is not significant under E.O. 12866.

Executive Order 12988

The Department of State has reviewed the proposed amendment in light of Executive Order 12988 to eliminate ambiguity, minimize litigation, establish clear legal standards, and reduce burden.

Executive Order 13175

The Department of State has determined that this rulemaking will not have tribal implications, will not impose substantial direct compliance costs on Indian tribal governments, and will not preempt tribal law. Accordingly, Executive Order 13175 does not apply to this rulemaking.

Paperwork Reduction Act

This rulemaking does not impose or revise any information collections subject to 44 U.S.C. chapter 35.

List of Subjects

22 CFR Part 35

Administrative practice and procedure, Claims, Fraud, Penalties.

22 CFR Part 103

Administrative practice and procedure, Chemicals, Classified information, Foreign relations, Freedom of information, International organization, Investigations, Penalties, Reporting and recordkeeping requirements.

22 CFR Part 127

Arms and munitions, Exports.

22 CFR Part 138

Government contracts, Grant programs, Loan programs, Lobbying, Penalties, Reporting and recordkeeping requirements.

For the reasons set forth above, 22 CFR parts 35, 103, 127, and 138 are amended as follows:

PART 35—PROGRAM FRAUD CIVIL REMEDIES

■ 1. The authority citation for part 35 continues to read as follows:

Authority: 22 U.S.C. 2651a; 31 U.S.C. 3801 *et seq.*; Pub. L. 114–74, 129 Stat. 584.

§ 35.3 [Amended]

■ 2. In § 35.3:

■ a. Remove “\$11,181” and add in its place “\$11,463”, wherever it occurs.

■ b. In paragraph (f), remove “\$335,443” and add in its place “\$343,903”.

PART 103—REGULATIONS FOR IMPLEMENTATION OF THE CHEMICAL WEAPONS CONVENTION AND THE CHEMICAL WEAPONS CONVENTION IMPLEMENTATION ACT OF 1998 ON THE TAKING OF SAMPLES AND ON ENFORCEMENT OF REQUIREMENTS CONCERNING RECORDKEEPING AND INSPECTIONS

■ 3. The authority citation for part 103 continues to read as follows:

Authority: 22 U.S.C. 2651a; 22 U.S.C. 6701 *et seq.*; Pub. L. 114–74, 129 Stat. 584.

§ 103.6 [Amended]

■ 4. Amend § 103.6 by removing “\$37,601” and adding in its place “\$38,549” in paragraph (a)(1) and removing “\$7,520” and adding in its place “\$7,710” in paragraph (a)(2).

PART 127—VIOLATIONS AND PENALTIES

■ 5. The authority citation for part 127 continues to read as follows:

Authority: Sections 2, 38, and 42, Pub. L. 90–629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2791); 22 U.S.C. 401; 22 U.S.C. 2651a; 22 U.S.C. 2779a; 22 U.S.C. 2780; E.O. 13637, 78 FR 16129; Pub. L. 114–74, 129 Stat. 584.

§ 127.10 [Amended]

■ 6. Section 127.10 is amended as follows:

■ a. In paragraph (a)(1)(i), remove “\$1,134,602” and add in its place “\$1,163,217”;

■ b. In paragraph (a)(1)(ii), remove “\$824,959” and add in its place “\$845,764”; and

■ c. In paragraph (a)(1)(iii), remove “\$981,935” and add in its place “\$1,006,699”.

PART 138—RESTRICTIONS ON LOBBYING

■ 7. The authority citation for part 138 continues to read as follows:

Authority: 22 U.S.C. 2651a; 31 U.S.C. 1352; Pub. L. 114–74, 129 Stat. 584.

§ 138.400 [Amended]

■ 8. In § 138.400:

■ a. Remove “\$19,639” and “\$196,387” and add in their place “\$20,134” and “\$201,340”, respectively, wherever they occur.

■ b. In paragraph (e), remove “\$19,322” and add in its place “\$19,809”.

Dated: February 27, 2019.

Alicia Frechette,

Executive Director, Office of the Legal Adviser and Bureau of Legislative Affairs, Department of State.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9851]

RIN 1545–BN55

Guidance Under Section 851 Relating to Investments in Stock and Securities

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document provides final regulations relating to the income test used to determine whether a corporation may qualify as a regulated investment company (RIC) for Federal income tax purposes. These final regulations provide guidance to corporations that intend to qualify as RICs.

DATES:

Effective date: These regulations are effective on March 19, 2019.

Applicability date: For the date of applicability, see § 1.851–2(d).

FOR FURTHER INFORMATION CONTACT: Matthew Howard at (202) 317–7053 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) relating to RICs. Section 851 of the Internal Revenue Code (Code) sets forth requirements for qualifying as a RIC.

On September 28, 2016, a notice of proposed rulemaking (REG–123600–16) was published in the **Federal Register** (81 FR 66576) under section 851. No public hearing was requested or held. Written or electronic comments responding to the notice of proposed rulemaking were received. After consideration of all the comments, the proposed regulations are adopted as revised by this Treasury decision containing final regulations. The revisions to the proposed regulations are discussed in the Summary of Comments and Explanation of Revisions.

Summary of Comments and Explanation of Revisions

In response to the notice of proposed rulemaking, the IRS received five written comments that are available for public inspection at www.regulations.gov or upon request.

A. Revisions Due to Statutory Changes

The notice of proposed rulemaking proposed revisions to § 1.851–2(b)(1),