

under the criteria of the Regulatory Flexibility Act.

#### List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (Air).

#### The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

#### PART 71—[AMENDED]

1. The authority citation for 14 CFR part 71 continues to read as follows:

**Authority:** 49 U.S.C. app. 1348(a), 1354(a), 1510; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389; 49 U.S.C. 106(g); 14 CFR 11.69.

#### § 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9B, Airspace Designations and Reporting Points, dated July 18, 1994 and effective September 16, 1994, is amended as follows:

*Paragraph 6005 Class E airspace areas extending upward from 700 feet above the surface of the earth.*

\* \* \* \* \*

#### ASO GA E5 Hampton, GA [New]

Clayton County—Tara Field Airport, GA (Lat. 33°23'21" N, long. 84°19'55" W)

That airspace extending upward from 700 feet above the surface within a 6.8-mile radius of Clayton County—Tara Field Airport; excluding that airspace within the Atlanta, GA, Peachtree City, GA, and Griffin, GA, Class E airspace areas.

\* \* \* \* \*

Issued in College Park, Georgia, on December 16, 1994.

**Walter E. Denley,**

*Acting Manager, Air Traffic Division, Southern Region.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[FI–42–94]

RIN 1545–AS85

#### Mark to Market for Dealers in Securities

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

**ACTION:** Notice of proposed rulemaking and notice of public hearing.

**SUMMARY:** This document contains proposed regulations relating to the mark-to-market method of accounting for securities that is required to be used by a dealer in securities. The proposed regulations address the relationship between mark-to-market accounting and the accrual of stated interest and discount and the amortization of premium and between mark-to-market accounting and the tax treatment of bad debts. They also provide rules relating to certain dispositions and acquisitions of securities required to be marked to market, the exemption from mark-to-market treatment of securities in certain securitization transactions, and the identification requirements for obtaining exemption from mark-to-market treatment. Finally, these proposed regulations provide guidance relating to the exclusion of REMIC residual interests from the definition of security and to the relationship between the mark-to-market provisions and the integrated transaction rules in the proposed regulations on debt instruments with contingent payments. This document also provides notice of a public hearing on these proposed regulations.

**DATES:** Written comments must be received by April 4, 1995. Outlines of oral comments to be presented at a public hearing scheduled for May 3, 1995, at 10 a.m. must be received by April 4, 1995.

**ADDRESSES:** Send submissions to: CC:DOM:CORP:T:R (FI–42–94), room 5228, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:T:R (FI–42–94), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC.

The public hearing will be held in the Internal Revenue Auditorium, 7400 Corridor, Internal Revenue Building, 1111 Constitution Ave., NW, Washington, DC 20224.

**FOR FURTHER INFORMATION CONTACT:** Concerning § 1.475(c)–2(a)(4), Carol A. Schwartz, (202) 622–3920; concerning other sections of the regulations, Robert B. Williams, (202) 622–3960, or JoLynn Ricks, (202) 622–3920; concerning submissions and the hearing, Michael Slaughter, (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 for review in accordance with the Paperwork Reduction Act (44 U.S.C. 3504(h)). 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, PC:FP, Washington, DC 20224.

The collection of information is in § 1.475(b)–4. The information required to be recorded under § 1.475(b)–4 is required by the IRS to determine whether exemption from mark-to-market treatment is properly claimed. This information will be used to make that determination upon audit of taxpayers' books and records. The likely recordkeepers are businesses or other for-profit institutions.

Estimated total annual recordkeeping burden: 2,500 hours.

The estimated annual burden per recordkeeper varies from 15 minutes to 3 hours, depending on individual circumstances, with an estimated average of 1 hour.

Estimated number of recordkeepers: 2,500.

#### Background

Section 475 of the Internal Revenue Code requires mark-to-market accounting for dealers in securities, broadly defined. Section 475 was added by section 13223 of the Revenue Reconciliation Act of 1993 (Pub. L. 103–66, 107 Stat. 481), and is effective for all taxable years ending on or after December 31, 1993.

On December 29, 1993, temporary regulations (T.D. 8505, 58 FR 68747) and cross-reference proposed regulations (FI–72–93, 58 FR 68798) were published to furnish guidance on several issues, including the scope of exemptions from the mark-to-market requirements, certain transitional issues relating to the scope of exemptions, and the meaning of the statutory terms “dealer in securities” and “held for investment.” This notice contains proposed regulations that supplement, and in a few cases revise, the proposed regulations that were published last December.

#### Explanation of Provisions

##### Stated Interest, Discount, and Premium

The proposed regulations contained in this notice provide rules for taking into account interest (including original issue discount (OID) and market discount), premium, and certain gains