

First Trading Day	THS (after hours trading): 5:00 pm to 9:15 am	Authority: Secs. 2(a)(1)(A), 4, 4c, and 8a of the Commodity Exchange Act, 7 U.S.C. 2, 6, 6c and 12a.
First business day following an expiration date	List of Subjects in 17 CFR Part 30	
Exercise	Commodity futures, Commodity options, Foreign transactions.	2. Appendix B to part 30 is amended by adding the following entry after the existing entries for the "Marche a Terme International de France" to read as follows:
After settlement of a spot-fixing on the expiration date, automatic exercise of in-the-money options.	Accordingly, 17 CFR part 30 is amended as set forth below:	
Exercise: exchange of underlying currencies	PART 30—FOREIGN FUTURES AND FOREIGN OPTION TRANSACTIONS	Appendix B to Part 30—Option Contracts Permitted to be Offered or Sold in the U.S. Pursuant to § 30.3(a)
Trading Hours		
Open outcry: 9:15 am to 5:00 pm (Paris time)	1. The authority citation for part 30 continues to read as follows:	

Exchange	Type of contract	FR date and citation
Marche a Terme International de France	Option Contracts on the Deutsche Mark and the French Franc (DEM/FRF).	December 19, 1995; 60 FR 65237
*	* * * *	* *

Issued in Washington, D.C. on December 6, 1995.

Jean A. Webb,

Secretary to the Commission.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 31

[TD 8634]

RIN 1545-AT12

Withholding on Distributions of Indian Gaming Profits to Tribal Members

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the income tax withholding requirement on distributions of profits from certain gaming activities made to members of Indian tribes under section 3402(r) of the Internal Revenue Code of 1986. Those affected by the regulations are persons, including Indian tribes, making payments to members of Indian tribes from net revenues of certain gaming activities conducted or licensed by the tribes. Also affected are members of Indian tribes who receive the payments.

DATES: These regulations are effective December 19, 1995.

For date of applicability, see § 31.3402(r)-1(b).

FOR FURTHER INFORMATION CONTACT: Rebecca Wilson (202) 622-6040 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Employment Tax Regulations (26 CFR part 31) under section 3402(r). Section 3402(r) was added by section 701 of the Uruguay Round Agreements Act, which approved the trade agreements resulting from the Uruguay Round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT) and the Statement of Administrative Action to implement the Agreements.

On December 22, 1994, temporary regulations (TD 8574) relating to withholding on distributions of Indian gaming profits to tribal members under section 3402(r) were published in the Federal Register (59 FR 65939). A notice of proposed rulemaking (EE-60-94) cross-referencing the temporary regulations was published in the Federal Register for the same day (59 FR 65982). No public hearing was requested or held.

Also on December 22, 1994, the IRS mailed a copy of Notice 1026, providing withholding tables for use in 1995, to Indian tribes and gaming establishments listed with the National Indian Gaming Commission. For 1996 and subsequent years, tables will be printed in a supplement to Circular E.

The IRS received written comments responding to the notice of proposed rulemaking. After consideration of the comments, the regulations proposed by EE-60-94 are adopted as revised by this Treasury decision, and the corresponding temporary regulations are withdrawn. The regulations contain no substantive changes.

Explanation of Provisions

1. *Indian Gaming Regulatory Act.* Net revenue from certain gaming activities conducted or licensed by an Indian tribe may be used to make taxable distributions to members of the Indian tribe. The tribe must notify its members of the tax liability at the time the payments are made. 25 U.S.C. 2710 (b)(3) and (d)(1).

2. *Prior law.* Prior to the addition of section 3402(r) in 1994, a tribe was not required to withhold on these distributions to tribal members except to the extent backup withholding rules applied under section 3406.

3. *Code section 3402(r).* Section 3402(r) generally requires that, for payments made after December 31, 1994, persons, including Indian tribes, making payments to members of Indian tribes from the net revenues of certain gaming activities conducted or licensed by the tribes deduct and withhold income taxes from those payments. Section 3402(r) provides that the withholding amount be calculated assuming that the taxpayer is single and has one exemption.

4. *Legislative history.* The legislative history of section 3402(r) indicates that the goal of the new withholding requirement was to make it easier for tribal members who receive gaming distributions to meet their tax responsibilities:

Distributions of net revenues from gaming activity by an Indian tribe may result in significant tax liability to the tribe's members. Establishing withholding on such payments will more closely match estimated tax payments to ultimate tax liability. For some tribal members, this change may eliminate the need to make quarterly