

*Virgin Islands.* The rate of duty on articles accompanying any person, including a crewmember, arriving in the United States directly or indirectly from American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the Virgin Islands of the United States (exclusive of duty-free articles), acquired in these locations as an incident of the person's physical presence there, shall be 5 percent of the fair retail value in the location in which acquired.

\* \* \* \* \*

#### § 148.104 [Amended]

19. Section 148.104(c) is amended by removing the figure "\$800" and adding, in its place, the figure "\$1,000".

#### Subpart K [Amended]

20. The heading to Subpart K is amended by adding after "Guam," the words "the Commonwealth of the Northern Mariana Islands,".

#### § 148.110 [Amended]

21. In § 148.110, the first paragraph is amended by adding after "Guam," the words "the Commonwealth of the Northern Mariana Islands,"; and the second paragraph is amended by adding after "Guam" the words "the Commonwealth of the Northern Mariana Islands,".

#### § 148.111 [Amended]

22. In § 148.111, the introductory text is amended by adding after "Guam," the words "the Commonwealth of the Northern Mariana Islands,"; and paragraph (a) is amended by removing

the figure "\$800" and adding, in its place, the figure "\$1,200".

#### § 148.113 [Amended]

23. Section 148.113(a), first sentence, is amended by removing the figure "\$800" and adding, in its place, the figure "\$1,200".

#### PART 178—APPROVAL OF INFORMATION COLLECTION REQUIREMENTS

1. The authority citation for part 178 continues to read as follows:

**Authority:** 5 U.S.C. 301; 19 U.S.C. 1624; 44 U.S.C. 3501 *et seq.*

2. Section 178.2 is amended by adding a new listing to the table in numerical order to read as follows:

#### § 178.2 Listing of OMB control numbers.

19 CFR section	Description	OMB control No.
§ 7.3	Claim for duty-free entry of goods imported from U.S. insular possessions.	1515-0055

Approved: May 27, 1997.

**George J. Weise,**

*Commissioner of Customs.*

[FR Doc. 97-23308 Filed 9-2-97; 8:45 am]

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## DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Food and Drug Administration

#### 21 CFR Part 558

#### New Animal Drugs For Use In Animal Feeds; Pyrantel Tartrate

**AGENCY:** Food and Drug Administration, HHS.

**ACTION:** Final rule.

**SUMMARY:** The Food and Drug Administration (FDA) is amending the animal drug regulations to reflect approval of an abbreviated new animal drug applications (ANADA) filed by Equi Aid Products, Inc. The ANADA provides for using pyrantel tartrate Type A medicated articles to make Type B medicated feeds used as equine anthelmintics.

**EFFECTIVE DATE:** September 3, 1997.

**FOR FURTHER INFORMATION CONTACT:** Lonnie W. Luther, Center for Veterinary Medicine (HFV-102), Food and Drug

Administration, 7500 Standish Pl., Rockville, MD 20855, 301-827-0209.

**SUPPLEMENTARY INFORMATION:** Equi Aid Products, Inc., 1517 West Knudsen Dr., Phoenix, AZ 85027, filed ANADA 200-168, which provides for using pyrantel tartrate Type A medicated articles to make Type B medicated feeds for horses for prevention of *Strongylus vulgaris* larval infections and control of the following parasites in horses: (1) Large strongyles (adults) *S. vulgaris*, *S. edentatus*, *Triodontophorus* spp.; (2) small strongyles (adults and fourth-stage larvae) *Cyathostomum* spp., *Cylicocycylus* spp., *Cylicostephanus* spp., *Cylicodontophorus* spp., *Poteriostomum* spp.; (3) pinworm (adults and fourth-stage larvae) *Oxyuris equi*; and (4) ascarids (adults and fourth-stage larvae) *Parascaris equorum*.

Equi Aid's ANADA 200-168 is approved as a generic copy of Pfizer's NADA 140-819. The ANADA is approved as of September 3, 1997 and 21 CFR 558.485(a) is amended to reflect the approval. The basis for approval is discussed in the freedom of information summary.

In accordance with the freedom of information provisions of 21 CFR part 20 and 514.11(e)(2)(ii), a summary of safety and effectiveness data and information submitted to support approval of this application may be seen

in the Dockets Management Branch (HFA-305), Food and Drug Administration, 12420 Parklawn Dr., rm. 1-23, Rockville, MD 20857, between 9 a.m. and 4 p.m., Monday through Friday.

The agency has determined under 21 CFR 25.24(d)(1)(i) that this action is of a type that does not individually or cumulatively have a significant effect on the human environment. Therefore, neither an environmental assessment nor an environmental impact statement is required.

#### List of Subjects in 21 CFR Part 558

Animal drugs, Animal feeds.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under the authority delegated to the Commissioner of Food and Drugs and redelegated to the Center for Veterinary Medicine, 21 CFR part 558 is amended as follows:

#### PART 558—NEW ANIMAL DRUGS FOR USE IN ANIMAL FEEDS

1. The authority citation for 21 CFR part 558 continues to read as follows:

**Authority:** Secs. 512, 701 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b, 371).

2. Section 558.485 is amended by adding new paragraph (a)(28) to read as follows:

**§ 558.485 Pyrantel tartrate.**

(a) \* \* \*

(28) To 062240: 48 grams per pound, paragraph (e)(2) of this section.

\* \* \* \* \*

Dated: August 22, 1997.

**Michael J. Blackwell,***Deputy Director, Center for Veterinary Medicine.*

[FR Doc. 97-23245 Filed 9-2-97; 8:45 am]

BILLING CODE 4160-01-F

**DEPARTMENT OF THE TREASURY****Fiscal Service****31 CFR Part 344****[Department of the Treasury Circular, Public Debt Series No. 3-72]****Regulations Governing United States Treasury Certificates of Indebtedness, Treasury Notes, and Treasury Bonds—State and Local Government Series****AGENCY:** Bureau of the Public Debt, Fiscal Service, Treasury.**ACTION:** Final rule.

**SUMMARY:** The Department of the Treasury (Department or Treasury) is issuing in final form an amendment to its regulations governing State and Local Government Series (SLGS) securities. It has been brought to the attention of the Department that the SLGS securities program can be misused when subscriptions for SLGS securities are used as a cost-free interest rate hedge or option (option) for speculation in open market securities. This final rule clarifies that the use of SLGS securities for option purposes is prohibited. The purpose of the SLGS securities program is to assist state and local government issuers of tax-exempt bonds in meeting certain Federal tax restrictions, not to provide a cost-free option.

Treasury is considering first, whether it would be consistent with the purposes of the SLGS securities program to allow SLGS securities to serve as options if Treasury were appropriately compensated and second, if the answer to the first question is affirmative, whether there is a practical way for the Department to charge for the use of SLGS securities as options. Neither question, however, has yet been answered. Unless Treasury does determine that it would be both advisable and practical to allow SLGS securities to serve as options if Treasury is appropriately compensated, the use of SLGS securities for such purpose will continue to be an inappropriate use of SLGS securities.

**EFFECTIVE DATE:** September 3, 1997.**FOR FURTHER INFORMATION CONTACT:**

Howard Stevens, Director, Division of Special Investments at 304-480-7752, Jim Kramer-Wilt, Attorney/Adviser, Office of the Chief Counsel, at 304-480-5190 or Edward C. Gronseth, Deputy Chief Counsel, Office of the Chief Counsel, at 304-480-5192.

**SUPPLEMENTARY INFORMATION:****1. Background**

The SLGS securities program was established and is maintained to assist state and local government issuers in meeting yield restriction and rebate requirements applicable to tax-exempt bonds under the Internal Revenue Code. On October 28, 1996, the Department published revised regulations to make the SLGS securities program a more flexible and competitive investment vehicle for issuers. In response to requests by state and local government issuers to shorten the minimum time for subscribing for SLGS securities, the Treasury revised the regulations to permit an issuer to subscribe for SLGS securities up to 60 days prior to their scheduled issue date and then to cancel that subscription within five days of that issue date for subscriptions of \$10 million or less and within seven days for subscriptions of more than \$10 million, without penalty. The regulations also provide that an issuer canceling a SLGS securities subscription after that five/seven-day period is not subject to a monetary penalty, but is prohibited from subscribing for SLGS securities for a six month period.

The Department understands that the ability to cancel a SLGS securities subscription without a monetary penalty has led some market participants to conclude that they can both subscribe for SLGS securities and enter into a contract for the purchase of securities on the open market for the same defeasance transaction or fund deposit in order to create a cost-free option in connection with a defeasance escrow or fund.

The prices established by the Treasury for the SLGS securities do not include the cost of an option. The Treasury believes it is inappropriate for government bodies to use the SLGS securities program to create an option. Treasury is considering first, whether it would be consistent with the purposes of the SLGS securities program to allow SLGS securities to serve as options if Treasury were appropriately compensated and second, if the answer to the first question is affirmative, whether there is a practical way for the Department to charge for the use of

SLGS securities as options. Neither question, however, has yet been answered. Unless Treasury does determine that it would be both advisable and practical to allow SLGS securities to serve as options if Treasury is appropriately compensated, the use of SLGS securities for options will continue to be an inappropriate use of SLGS securities. The Department has therefore decided to amend the SLGS securities regulations to clarify that transactions in which issuers use SLGS securities to provide a cost-free interest rate hedge or option are prohibited.

The following examples are illustrative of certain acceptable and unacceptable practices:

(1) In order to fund an escrow for an advance refunding, an issuer simultaneously enters into a purchase contract for open market securities and subscribes for SLGS securities, such that either purchase is sufficient to pay the cash flows on the outstanding bonds to be refunded but together, the purchases are greatly in excess of the amount necessary to pay the cash flows. The issuer plans that, if interest rates decline during the period between the date of subscribing for the SLGS securities and the requested date of issuance of the SLGS securities, the issuer will enter into an offsetting agreement to sell the open market securities and use the bond proceeds to purchase the SLGS securities to fund the escrow. If, however, interest rates do not decline in that period, the issuer plans to use the bond proceeds to purchase the open market securities to fund the escrow and cancel the SLGS securities subscription. This arrangement in effect allows the SLGS securities program to provide a cost-free option to the issuer, and this amendment to the regulation clarifies that such transactions are prohibited.

(2) The existing escrow for an advance refunding contains open market securities which produces a negative arbitrage. In order to reduce or eliminate this negative arbitrage, the issuer subscribes for SLGS securities at a yield higher than the yield on the existing escrow, but less than the permitted yield. At the same time, the issuer agrees to sell the open market securities in the existing escrow to a third party and use the proceeds to purchase the SLGS securities if interest rates decline between the date of subscribing for the SLGS securities and the requested date of issuance of the SLGS securities. The issuer and the third party further agree that if interest rates increase during this period, the issuer will cancel the SLGS securities subscription. This arrangement in effect allows the SLGS securities program to provide a cost-free