

Department's personnel security program established in TO 102-17 (hereafter "personnel security program"), except:

a. any matter in which, by law, executive order, or regulation of outside agencies, the personal decision of the head of the agency or principal deputy is required; and

b. the Assistant Secretary Management and Chief Financial Officer shall appoint members of any security appeals panel convened pursuant to section 5.2 of Executive Order (E.O.) 12968, "Access to Classified Information."

### 2. *Redelegation.*

a. The Director, Office of Security, shall redelegate to bureau heads and the Inspector General the authority to perform the operating functions relating to personnel security, except as stated in paragraph 2.c. and Section 4 below, but including:

(1) the designation of position sensitivity; and

(2) making determinations of eligibility for access to classified information, and the consequent granting, suspending, denying, and revoking of access to classified information, in conformity with the provisions of E.O. 12968;

b. Any authority so delegated to a bureau head or the Inspector General may be further redelegated, with the concurrence of the Director, Office of Security, within bureau headquarters or the Office of Inspector General.

c. The Assistant Director (Personnel Security), Office of Security, shall perform the operating functions relating to personnel security for the Departmental Offices.

3. *Responsibilities.* The Director, Office of Security, serves as the principal adviser to the Assistant Secretary Management and Chief Financial Officer with respect to the Department's personnel security program, and shall:

a. define the operating functions relating to personnel security and prescribe uniform policies and general procedures in Treasury Department Publication (TD P) 71-10, "Department of the Treasury Security Manual;"

b. serve as a member of, and chair, any security appeals panel convened pursuant to section 5.2 of E.O. 12968;

c. be responsible for overseeing and implementing the National Industrial Security Program within the Department pursuant to E.O. 12829, "National Industrial Security Program," concerning contractors, subcontractors, vendors, and suppliers requiring access to classified information or material;

d. conduct periodic evaluations of implementation and administration of the personnel security program throughout the Department;

e. represent the Department on all interagency committees and act as liaison with the Security Policy Board, Federal agencies, and the White House concerning personnel security matters; and

f. act as liaison with the Department of Energy on all matters pertaining to clearances for access to information designated "Restricted Data" or "Formerly Restricted Data" pursuant to the Atomic Energy Act of 1954, as amended.

4. *Reserved Functions.* The following functions are reserved to the Director, Office of Security, and may not be redelegated outside of the Office of Security:

a. receiving all reports of investigations involving loyalty matters on Department of the Treasury employees and potential employees, and directing such matters to appropriate authorities for processing or resolution;

b. assuming jurisdiction for all cases within the Department involving a potential determination that an employee should be suspended, reassigned, or terminated on the grounds that such action is necessary in the interests of the national security pursuant to E.O. 10450, "Security Requirements for Government Employment," and 5 U.S.C. 7532;

c. making disclosure determinations concerning loyalty information contained in personnel security files throughout the Department pursuant to 31 CFR Part 1, including requests for disclosure under the Freedom of Information Act or Privacy Act (5 U.S.C. 552 and 552a); and

d. designating position sensitivity and making determinations of eligibility for access to classified information, and the consequent granting, suspending, denying, and revoking of access to classified information, in conformity with the provisions of E.O. 12968, for the following positions:

(1) all presidential appointees in the Department requiring confirmation by the Senate, and the Inspector General, to the extent of the Department's authority with respect to these officials;

(2) heads of bureaus and their first deputies; and

(3) bureau security officers and any official to whom the authority to grant security clearances has been delegated.

5. *Special Assistant To The Secretary (National Security).* The responsibilities of the Special Assistant to the Secretary

(National Security) are not affected by this Directive.

### 6. *Authorities.*

a. E.O. 10450, "Security Requirements for Government Employment," dated April 27, 1953, as amended.

b. E.O. 12968, "Access to Classified Information," dated August 2, 1995.

c. E.O. 12958, "Classified National Security Information," dated October 17, 1995, as amended.

d. E.O. 12829, "National Industrial Security Program," dated January 6, 1993, as amended.

e. 5 U.S.C. 7531-7533.

f. TO 102-17, "Delegation of Authority Concerning the Personnel Security Program," dated May 2, 1996.

### 7. *References.*

a. TD P 71-10, "Department of the Treasury Security Manual."

b. The Atomic Energy Act of 1954 (42 U.S.C. 2011).

c. Presidential Decision Directive 29, "Security Policy Coordination," dated September 16, 1994.

8. *Cancellation.* TD 12-32, "Delegation of Authority Concerning Personnel Security," dated January 10, 1995, is superseded.

9. *Expiration Date.* This Directive expires three years after the date of issuance unless cancelled or superseded by that date.

10. *Office of Primary Interest.* Office of Security, Office of the Assistant Secretary for Management and Chief Financial Officer.

**Nancy Killefer,**

*Assistant Secretary for and Chief Financial Officer.*

[FR Doc. 97-27823 Filed 10-20-97; 8:45 am]

BILLING CODE 4810-25-P

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

[INTL-112-88]

### Proposed Collection; Comment Request for Regulation Project

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

**ACTION:** Notice and request for comments.

**SUMMARY:** The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Pub. L. 104-13 (44 U.S.C. 3506(c)(2)(A)).

Currently, the IRS is soliciting comments concerning an existing final regulation, INTL-112-88 (TD 8337), Allocation and Apportionment of Deduction for State Income Taxes (§ 1.861-8(e)(6)).

**DATES:** Written comments should be received on or before December 22, 1997 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

**FOR FURTHER INFORMATION CONTACT:** Requests for additional information or copies of the information collection should be directed to Carol Savage, (202) 622-3945, Internal Revenue Service, room 5569, 1111 Constitution Avenue NW., Washington, DC 20224.

**SUPPLEMENTARY INFORMATION:**

*Title:* Allocation and Apportionment of Deduction for State Income Taxes.

*OMB Number:* 1545-1224.

*Regulation Project Number:* INTL-112-88.

*Abstract:* This regulation provides guidance on when and how the deduction for state income taxes is to be allocated and apportioned between gross income from sources within and without the United States in order to determine the amount of taxable income from those sources. The reporting requirements in the regulation affect those taxpayers claiming foreign tax credits who elect to use an alternative method from that described in the regulation to allocate and apportion deductions for state income taxes.

*Current Actions:* There is no change to this existing regulation.

*Type of Review:* Extension of a currently approved collection.

*Affected Public:* Business or other for-profit organizations.

*Estimated Number of Respondents:* 1,000.

*Estimated Time Per Respondent:* 1 hour.

*Estimated Total Annual Burden Hours:* 1,000.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

**Request for Comments**

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Approved: October 15, 1997.

**Garrick R. Shear,**

*IRS Reports Clearance Officer.*

[FR Doc. 97-27866 Filed 10-20-97; 8:45 am]

BILLING CODE 4830-01-U

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

[FI-43-94]

**Proposed Collection; Comment Request for Regulation Project**

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

**ACTION:** Notice and request for comments.

**SUMMARY:** The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Pub. L. 104-13 (44 U.S.C. 3506(c)(2)(A)).

Currently, the IRS is soliciting comments concerning an existing final regulation, FI-43-94 (TD 8649), Regulations Under Section 1258 of the Internal Revenue Code of 1986; Netting Rule for Certain Conversion Transactions (§ 1.1258-1).

**DATES:** Written comments should be received on or before December 22, 1997 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

**FOR FURTHER INFORMATION CONTACT:**

Requests for additional information or copies of the information collection should be directed to Carol Savage, (202) 622-3945, Internal Revenue Service, room 5569, 1111 Constitution Avenue NW., Washington, DC 20224.

**SUPPLEMENTARY INFORMATION:**

*Title:* Regulations Under Section 1258 of the Internal Revenue Code of 1986; Netting Rule for Certain Conversion Transactions.

*OMB Number:* 1545-1452.

*Regulation Project Number:* FI-43-94.

*Abstract:* Internal Revenue Code section 1258 recharacterizes capital gains from conversion transactions as ordinary income to the extent of the time value element. This regulation provides that certain gains and losses may be netted for purposes of determining the amount of gain recharacterized. To be eligible for netting relief, the taxpayer must identify on its books and records all the positions that are part of the conversion transaction. This must be done before the close of the day on which the positions become part of the conversion transaction.

*Current Actions:* There is no change to this existing regulation.

*Type of Review:* Extension of a currently approved collection.

*Affected Public:* Business or other for-profit organizations, and not-for-profit institutions.

*Estimated Number of Respondents:* 50,000.

*Estimated Time Per Respondent:* 6 minutes.

*Estimated Total Annual Burden Hours:* 5,000.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

**Request for Comments**

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the