

action effective retroactively to December 12, 1997, which is the date APHIS issued a policy stating it had stopped issuing import permits for the live ruminants and ruminant products and byproducts covered by this interim rule. This effective date is necessary to ensure that ruminant and ruminant products and byproducts infected with BSE are not imported into the United States.

Because prior notice and other public procedures with respect to this action are impracticable and contrary to the public interest under these conditions, we find good cause under 5 U.S.C. 533 to make the rule effective December 12, 1997. We will consider comments that are received within 60 days of publication of this rule in the **Federal Register**. After the comment period closes, we will publish another document in the **Federal Register**. It will include a discussion of any comments we receive and any amendments we are making to the rule as a result of the comments.

Executive Order 12866 and Regulatory Flexibility Act

This rule has been reviewed under Executive Order 12866. For this action, the Office of Management and Budget has waived its review process required by Executive Order 12866.

This emergency situation makes compliance with section 603 and timely compliance with section 604 of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) impracticable. If we determine this rule would have a significant economic impact on a substantial number of small entities, then we will discuss the issues raised by section 604 of the Regulatory Flexibility Act in our Final Regulatory Flexibility Analysis.

Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule: (1) Preempts all State and local laws and regulations that are inconsistent with this rule; (2) has retroactive effect to December 12, 1997; and (3) does not require administrative proceedings before parties may file suit in court challenging this rule.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the information collection or recordkeeping requirements included in this rule have been approved by the Office of Management and Budget (OMB), and there are no new requirements. The assigned OMB control number is 0579-0040.

List of Subjects

9 CFR Part 94

Animal diseases, Imports, Livestock, Meat and meat products, Milk, Poultry and poultry products, Reporting and recordkeeping requirements.

9 CFR Part 96

Imports, Livestock, Reporting and recordkeeping requirements.

Accordingly, we are amending 9 CFR, chapter I, subchapter D, as follows:

PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), EXOTIC NEWCASTLE DISEASE, AFRICAN SWINE FEVER, HOG CHOLERA, AND BOVINE SPONGIFORM ENCEPHALOPATHY; PROHIBITED AND RESTRICTED IMPORTATIONS

1. The authority citation for part 94 continues to read as follows:

Authority: 7 U.S.C. 147a, 150ee, 161, 162, and 450; 19 U.S.C. 1306, 21 U.S.C. 111, 114a, 134a, 134b, 134c, 134f, 136, and 136a; 31 U.S.C. 9701; 42 U.S.C. 4331 and 4332; 7 CFR 2.22, 2.80, and 371.2(d).

§ 94.18 [Amended]

2. Section 94.18 is amended by revising the heading to the section and paragraphs (a) and (b) to read as follows:

§ 94.18 Restrictions on importation of meat and edible products from ruminants due to bovine spongiform encephalopathy.

(a)(1) Bovine spongiform encephalopathy exists in the following regions: Belgium, France, the Republic of Ireland, Luxembourg, Oman, The Netherlands, Portugal, Switzerland, and the United Kingdom.

(2) The following regions, because of import requirements less restrictive than those that would be acceptable for import into the United States and/or because of inadequate surveillance, present and undue risk of introducing bovine spongiform encephalopathy into the United States: Albania, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Denmark, the Federal Republic of Yugoslavia, Finland, Germany, Greece, Hungary, Italy, the Former Yugoslav Republic of Macedonia, Norway, Poland, Romania, the Slovak Republic, Slovenia, Spain, and Sweden.

(3) A region may request at any time that the Administrator considers its removal from a list set forth in paragraphs (a)(1) or (a)(2) of this section by following the procedures set forth §§ 92.2(b) (1) through (4), 92.2(b) (5) through (11), and 92.2(c) of this chapter.

(b) Except as provided in paragraph (d) of this section, the importation of

fresh, frozen, and chilled meat, meat products, and edible products other than meat (excluding gelatin, milk, and milk products), from ruminant that have been in any of the countries listed in paragraph (a) of this section is prohibited.

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PART 96—RESTRICTION OF IMPORTATIONS OF FOREIGN ANIMAL CASINGS OFFERED FOR ENTRY INTO THE UNITED STATES

3. The authority citation for part 96 continues to read as follows:

Authority: 21 U.S.C. 111, 136, 136a; 7 CFR 2.22, 2.80, and 371.2(d).

§ 96.2 [Amended]

4. Section 96.2 is amended by revising the heading to the section and paragraph (b) to read as follows:

§ 96.2 Prohibition of casings due to African swine fever and bovine spongiform encephalopathy.

* * * * *

(b) The importation of casings, except stomachs, from bovines and other ruminants that originated in or were processed in any region listed in § 94.18(a) of this subchapter is prohibited.

Done in Washington, DC, this 31st day of December 1997.

Joan M. Arnoldi,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 98-266 Filed 1-5-98; 8:45 am]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Parts 510, 520, and 558

New Animal Drugs and Related Products; Change of Sponsor; Correction

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule; correction.

SUMMARY: The Food and Drug Administration (FDA) is correcting a document that appeared in the **Federal Register** of October 23, 1997 (62 FR 55159). The document amended the animal drug regulations to reflect a change of sponsor for three new animal drug applications (NADA's) and three abbreviated new animal drug applications (ANADA's) from Wade-Jones Co., Inc., and its manufacturing subsidiary Arkansas Micro Specialties,

Inc., to Alpha Inc. The document was published with two inadvertent errors. This document corrects those errors.

EFFECTIVE DATE: January 6, 1998.

FOR FURTHER INFORMATION CONTACT: Judith O'Haro, Center for Veterinary Medicine (HFV-6), Food and Drug Administration, 7500 Standish Pl., Rockville, MD 20855, 301-827-3664.

SUPPLEMENTARY INFORMATION: In FR Doc. 97-28011, appearing on page 55159, in the **Federal Register** of Thursday, October 23, 1997, the following corrections are made:

On page 55159, in the third column, in the **SUMMARY** paragraph, in lines five and six, the phrase "three abbreviated new animal drug applications (ANADA's)" is corrected to read "two abbreviated new animal drug applications (ANADA's)" and on the same page, the table is corrected by removing the last entry.

Dated: December 22, 1997.

William K. Hubbard,

Associate Commissioner for Policy Coordination.

[FR Doc. 98-152 Filed 1-5-98; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 8752]

RIN 1545-AU67

Reorganizations/ Treatment of Warrants as Securities

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that in certain instances provide for nonrecognition of gain or loss on the receipt, in pursuance of a reorganization, of rights to acquire stock of a corporation that is a party to the reorganization. These regulations change the existing rules for such rights under sections 354, 355, and 356 of the Internal Revenue Code. These regulations will affect holders of these rights who are involved in corporate reorganizations under sections 355 and 368.

DATES: These regulations are effective March 9, 1998.

FOR FURTHER INFORMATION CONTACT: Michael J. Danbury, (202) 622-7750 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On December 23, 1996, the IRS and Treasury Department published a notice of proposed rulemaking (REG-249819-96) in the **Federal Register** (61 FR 67508) containing proposed amendments to the Income Tax Regulations (26 CFR part 1) under sections 354, 355, and 356, relating to exchanges of stock and securities in certain reorganizations and corporate divisions. Written and oral comments responding to this notice were received. There were no requests to attend a public hearing and none was held. After consideration of all comments received, the proposed amendments are adopted as revised by this Treasury decision. The principal changes to the regulations, as well as the major comments and suggestions, are discussed below.

Explanation of Provisions

A. The Proposed Regulations

In general, sections 354, 355, and 356 provide for nonrecognition of gain or loss, in whole or in part, to a stockholder or security holder on the exchange of stock or securities of parties to a reorganization and in pursuance of a plan of reorganization.

The proposed regulations would extend the nonrecognition rule of sections 354, 355, and 356 to certain rights to acquire stock. Thus, for purposes of sections 354, 355, and 356, the proposed regulations would treat rights to acquire stock issued by a corporation that is a party to a reorganization as securities of the corporation with no principal amount. The preamble to the proposed regulations provided that, for this purpose, the term *rights to acquire stock* issued by that corporation would have the same meaning as the term has in sections 305(d)(1) and 317(a). In addition, the preamble stated that the proposed regulations would have no effect on other Internal Revenue Code rules that pertain to securities, including sections 83 and 421 through 424 and the regulations thereunder.

B. Comments on the Proposed Regulations

1. Elaboration on the Definition of "Rights To Acquire Stock"

Commentators recommended that the final regulations include an explicit definition of *rights to acquire stock*. They submitted particular examples for inclusion in the definition.

The final regulations add a cross-reference to sections 305 and 317(a) in

defining *rights to acquire stock*. This cross-reference should provide sufficient guidance in most cases for taxpayers to determine the consequences on a receipt of rights. The IRS and Treasury believe that illustrating the terms of sections 305 and 317 is outside the scope of these regulations. Accordingly, the final regulations provide no definition other than the cross-reference.

2. Treatment of Stock-for-Warrant Exchanges

Section 1.354-1(d), *Example 3*, states that section 354 does not apply to a shareholder's receipt of solely debt securities in exchange for stock. Commentators requested confirmation that section 354 also does not apply to a shareholder's receipt of solely securities that are rights to acquire stock in exchange for stock. The final regulations confirm this result in *Example 4* to § 1.354-1(d).

3. Effective Date

These final regulations are effective March 9, 1998. This accords with the delayed effective date in the proposed regulations. Commentators requested more immediate effectiveness.

The IRS and Treasury are concerned that taxpayers who have planned transactions based on the proposed regulations' delayed effective date could be disadvantaged by a change in the effective date. Accordingly, the final regulations retain the delayed effective date.

4. Interrelationship With Section 83

The preamble to the proposed regulations noted that the rules would apply to rights to acquire stock only for purposes of sections 354 through 356, and that such rights may remain subject to other special rules under the Internal Revenue Code and the regulations including sections 83 and 421 through 424.

Commentators recommended an explicit statement to that effect in the final regulations. The regulations adopt this recommendation.

5. Effect in "B" Reorganizations

Commentators requested a review of published guidance that concerns exchanges of rights to acquire stock as part of a larger transaction that includes a stock-for-stock reorganization under section 368(a)(1)(B). The IRS intends to address this issue in the near future.

6. No Principal Amount

Commentators sought clarification of the proposed rule that rights to acquire stock would have no principal amount.