

PROPOSED RULE MAKING

contributed at least 25 percent of the total project cost.

(c) A mutual release will be executed by the State Agency and the Secretary, or his authorized representative, when both parties have fulfilled their respective obligations under the agreement or contract.

(d) Copies of audit reports on audits of projects made by State auditors or inspectors shall be furnished the Secretary and will not be returned to State Agencies.

§ 253.8 Record retention.

(a) All records of accounts, reporting and supporting documentation thereto will be retained by the State or State Agency for a period of 3 years after the project is completed.

(b) Loan applicants, to whom a loan has been granted pursuant to section 9 of Public Law 88-309 or § 253.4(a)(3), shall retain all records incident to the fishing operation for a period of 3 years after the Note has been satisfied.

§ 253.9 Audit and inspection.

(a) Authorized representatives of the United States Government and the United States General Accounting Office shall have the right to audit, examine or inspect accounts, books, documents and other pertinent records involving operations and transactions under these regulations.

(b) State Agencies are expected to provide for a system of periodic internal review or audit by State employees.

(c) Periodic audits will be performed on projects with State Agencies and other operations provided for in Public Law 88-309 by authorized representatives of the United States Government. Audits may be performed on active projects and within 3 years after the project is completed.

(d) Audit exceptions involving adjustments in payment to any State Agency on any project, whether active or completed, may be applied to other approved projects or to applicable apportionments of funds to State Agencies.

§ 253.10 Officials not to benefit.

No member of or delegate to Congress or resident commissioner, shall be admitted to any share or any part of an agreement, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

§ 253.11 Patents and inventions.

It is understood and agreed that inventions or discoveries of processes, devices and methods of application conceived and developed as a result of a contract and all rights therein shall be the property of the Government. In furtherance of a contract, the State Agency shall agree to assign unto the Government any and all rights, title and interest which it may have or claim to have in any patentable invention or discoveries of processes, devices and methods of application arising out of activities under this contract. The State

Agency shall further agree that all its employees who shall perform work under a contract shall assign any patent rights which they may have or claim to have in discoveries or inventions resulting from work therefrom unto the Government. With respect to any subcontract, the State Agency's obligation under this section will be discharged upon its including in such subcontract a patent rights article not less favorable to the Government than as provided herein.

§ 253.12 Convict labor.

In connection with the performance of work, the State Agency agrees not to employ any person undergoing sentence of imprisonment at hard labor.

Secretary of the Interior.
STEWART L. UDALL,

JULY 8, 1964.

[F.R. Doc. 64-6921; Filed, July 9, 1964; 8:52 a.m.]

SECURITIES AND EXCHANGE COMMISSION

I 17 CFR Part 270 I

[Release 40-4006]

PERIODIC-CALCULATION OF NET ASSET VALUE OF REDEEMABLE SECURITY

Notice of Proposed Rule Making

Notice is hereby given that the Securities and Exchange Commission has under consideration adoption of a proposed § 270.2a-4 of Title 17, CFR (Rule 2a-4 under the Investment Company Act of 1940 ("Act")). The proposed rule relates to the manner in which the net asset value of a redeemable security issued by a registered investment company is to be computed for purposes of the distribution, redemption, and repurchase of the security. The rule would be promulgated pursuant to authority conferred by section 38(a) of the Act.

Section 38(a) of the Act authorizes the Commission to make rules and regulations, inter alia, defining "accounting, technical, and trade terms" used in the Act. "Net asset value" is a term used in, among other sections, section 22 of the Act relating to "distribution, redemption, and repurchase of redeemable securities," and the concept is employed in the definition of the term "redeemable security" in section 2(a)(31) of the Act.

The Commission's experience in the administration of the Act and its analysis of data provided by the periodic inspection of books and records maintained by registered investment companies pursuant to section 31 of the Act indicate that the adoption of uniform procedures with respect to the calculation of net asset value of redeemable securities issued by registered investment companies would be in the public interest and in the interest of investors.

The text of the proposed § 270.2a-4 is as follows:

§ 270.2a-4 Periodic calculation of net asset value of redeemable security.

(a) The periodic calculation of the net asset value of any redeemable security issued by a registered investment company for purposes of distribution, redemption, and repurchase shall include calculations made substantially in accordance with the following, with estimates used where necessary or appropriate:

(1) Portfolio securities with respect to which market quotations are readily available shall be valued at market value, and other securities and assets shall be valued at fair value as determined in good faith by the board of directors of the registered company.

(2) Changes in holdings of portfolio securities shall be reflected no later than in the first calculation on the first business day following the trade date.

(3) Changes in the number of outstanding shares of the registered company resulting from distributions, redemptions, and repurchases shall be reflected no later than in the first calculation on the first business day following such change.

(4) Expenses, including any investment advisory fees, shall be reflected daily.

(5) Dividends receivable shall be reflected daily either at exdividend dates or record dates, as appropriate.

(6) Interest income and other income shall be reflected daily.

(b) Notwithstanding the requirements of paragraph (a) of this section, interim determinations of net asset value between calculations made as of the close of the New York Stock Exchange on the preceding business day and the current business day may be estimated so as to reflect any change in net asset value since the closing calculation on the preceding business day.

(Sec. 38(a), 54 Stat. 841, 15 U.S.C. 80a-37)

All interested persons are invited to submit their views and comments on the above proposal in writing to the Securities and Exchange Commission, Washington, D.C., 20549, on or before July 31, 1964. All such communications will be available for public inspection.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

JULY 2, 1964.

[F.R. Doc. 64-6849; Filed, July 9, 1964; 8:45 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

I 21 CFR Part 121 I

CHEWING GUM BASE

Proposal To Amend Regulation With Respect to Plasticizing Materials

Food additive petitions (FAP 224, 1301), filed by the National Association