

represents risk margin, all of the margin required by the exchange, clearing organization, or other futures commission merchant or entity for that account, shall be treated as risk margin.

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(e)(1) * * *

(ii) For a futures commission merchant or applicant therefor, 175 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

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(h)(2)(vi)(C) * * *

(1) 120 percent of the appropriate minimum dollar amount required by paragraphs (a)(1)(i)(A) or (a)(1)(iii)(A) of this section;

(2) For a futures commission merchant or applicant therefor, 175 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

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(h)(2)(vii)(A) * * *

(1) 120 percent of the appropriate minimum dollar amount required by paragraphs (a)(1)(i)(A) or (a)(1)(iii)(A) of this section;

(2) For a futures commission merchant or applicant therefor, 175 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

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(h)(2)(B) * * *

(1) 200 percent of the appropriate minimum dollar amount required by paragraphs (a)(1)(i)(A) or (a)(1)(iii)(A) of this section;

(2) For a futures commission merchant or applicant therefor, 250 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

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(h)(2)(viii)(A) * * *

(1) 120 percent of the appropriate minimum dollar amount required by paragraphs (a)(1)(i)(A) or (a)(1)(iii)(A) of this section;

(2) For a futures commission merchant or applicant therefor, 150 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

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(h)(3)(ii) * * *

(A) 120 percent of the appropriate minimum dollar amount required by paragraphs (a)(1)(i)(A) or (a)(1)(iii)(A) of this section;

(B) For a futures commission merchant or applicant therefor, 150 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

* * * * *

(h)(v) * * *

(A) 120 percent of the appropriate minimum dollar amount required by paragraphs (a)(1)(i)(A) or (a)(1)(iii)(A) of this section;

(B) For a futures commission merchant or applicant therefor, 175 percent of the amount required by paragraph (a)(1)(i)(B) of this section;

* * * * *

(vii) *Subordination agreements that incorporate adjusted net capital requirements in effect prior to [The Effective Date of the Rule Amendment].* Any subordination agreement that incorporates the adjusted net capital requirements in paragraphs (h)(2)(vi)(C)(2), (h)(2)(vii)(A)(2) and (B)(2), (h)(2)(viii)(A)(2), (h)(3)(ii)(B), and (h)(3)(v)(B) of this section as in effect prior to [The Effective Date of the Rule Amendment] and which has been deemed to be satisfactorily subordinated pursuant to this section prior to [The Effective Date of the Rule Amendment] shall continue to be deemed a satisfactory subordination agreement until the maturity of such agreement. In the event, however, that such agreement is amended or renewed for any reason, then such agreement shall not be deemed a satisfactory subordination agreement unless the amended or renewed agreement meets the requirements of this section.

6. Section 1.18 is proposed to be amended by revising paragraph (b) to read as follows:

§ 1.18 Records for and relating to financial reporting and monthly computation by futures commission merchants and introducing brokers.

* * * * *

(b)(1) Each applicant or registrant must make and keep as a record in accordance with § 1.31 formal computations of its adjusted net capital and of its minimum financial requirements pursuant to § 1.17 or the requirements of the designated self-regulatory organization to which it is subject as of the close of business each month. Such computations must be completed and made available for inspection by any representative of the National Futures Association, in the case of an applicant, or of the Commission or designated self-regulatory organization, if any, in the case of a registrant, within 17 business days after the date for which the computations are made, commencing the first month end after the date the application for registration is filed.

(2) An applicant or registrant that has filed a Form 1-FR or Statement of Financial and Operational Combined Uniform Single Report under the Securities Exchange Act of 1934, Part II or Part IIA (FOCUS report) in accordance with the requirements of § 1.10 will be deemed to have satisfied

the requirements of paragraph (b)(1) of this section.

Issued in Washington, DC, on July 1, 2003 by the Commission.

Jean A. Webb,

Secretary of the Commission.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-143679-02]

RIN 1545-BB68

Effect of Elections in Certain Multi-Step Transactions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations that give effect to section 338(h)(10) elections made in certain multi-step transactions. The text of the temporary regulations published in this issue of the **Federal Register** also serves as the text of these proposed regulations.

DATES: Written or electronic comments must be received by October 7, 2003.

ADDRESSES: Send submissions to: CC:PA:RU (REG-143679-02), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to: CC:PA:RU (REG-143679-02), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC, 20044. Alternatively, taxpayers may submit electronic comments directly to the IRS Internet site at <http://www.irs.gov/regs>.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Daniel Heins, Mary Goode or Reginald Mombrun at (202) 622-7930; concerning submissions of comments, Guy Traynor at (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

Temporary regulations in the Rules and Regulations section of this issue of