

control over financial reporting. The term *attestation report on management's assessment of internal control over financial reporting* means a report in which a registered public accounting firm expresses an opinion, either unqualified or adverse, as to whether the registrant maintained, in all material respects, effective internal control over financial reporting (as defined in § 240.13a-15(f) or 240-15d-15(f)), except in the rare circumstance of a scope limitation that cannot be overcome by the registrant or the registered public accounting firm which would result in the accounting firm disclaiming an opinion.

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3. Amend § 210.2-02 by revising paragraph (f) to read as follows:

§ 210.2-02 Accountants' reports and attestation reports.

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(f) *Attestation report on management's assessment of internal control over financial reporting.* Every registered public accounting firm that issues or prepares an accountant's report for a registrant, other than an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8), that is included in an annual report required by section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) containing an assessment by management of the effectiveness of the registrant's internal control over financial reporting must attest to, and report on, such assessment. The attestation report on management's assessment of internal control over financial reporting shall be dated, signed manually, identify the period covered by the report, indicate that the accountant has audited management's assessment, and clearly state the opinion of the accountant, either unqualified or adverse, as to whether the registrant maintained, in all material respects, effective internal control over financial reporting, except in the rare circumstance of a scope limitation that cannot be overcome by the registrant or the registered public accounting firm which would result in the accounting firm disclaiming an opinion. The attestation report on management's assessment of internal control over financial reporting may be separate from the accountant's report.

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PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

4. The authority citation for Part 240 continues to read as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77z-3, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78e, 78f, 78g, 78i, 78j, 78j-1, 78k, 78k-1, 78l, 78m, 78n, 78o, 78p, 78q, 78s, 78u-5, 78w, 78x, 78ll, 78mm, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4, 80b-11, and 7201 *et seq.*, and 18 U.S.C. 1350, unless otherwise noted.

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5. Amend § 240.13a-15 by revising paragraph (c) to read as follows:

§ 240.13a-15 Controls and procedures.

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(c) The management of each such issuer, that either had been required to file an annual report pursuant to section 13(a) or 15(d) of the Act (15 U.S.C. 78m(a) or 78o(d)) for the prior fiscal year or previously had filed an annual report with the Commission for the prior fiscal year, other than an investment company registered under section 8 of the Investment Company Act of 1940, must evaluate, with the participation of the issuer's principal executive and principal financial officers, or persons performing similar functions, the effectiveness, as of the end of each fiscal year, of the issuer's internal control over financial reporting. The framework on which management's evaluation of the issuer's internal control over financial reporting is based must be a suitable, recognized control framework that is established by a body or group that has followed due-process procedures, including the broad distribution of the framework for public comment. Although there are many different ways to conduct an evaluation of the effectiveness of internal control over financial reporting to meet the requirements of this paragraph, an evaluation that is conducted in accordance with the interpretive guidance issued by the Commission in Release No. 34-XXXXX will satisfy the evaluation required by this paragraph.

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6. Amend § 240.15d-15 by revising paragraph (c) to read as follows:

§ 240.15d-15 Controls and procedures.

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(c) The management of each such issuer, that either had been required to file an annual report pursuant to section 13(a) or 15(d) of the Act (15 U.S.C. 78m(a) or 78o(d)) for the prior fiscal year or previously had filed an annual report with the Commission for the prior fiscal year, other than an

investment company registered under section 8 of the Investment Company Act of 1940, must evaluate, with the participation of the issuer's principal executive and principal financial officers, or persons performing similar functions, the effectiveness, as of the end of each fiscal year, of the issuer's internal control over financial reporting. The framework on which management's evaluation of the issuer's internal control over financial reporting is based must be a suitable, recognized control framework that is established by a body or group that has followed due-process procedures, including the broad distribution of the framework for public comment. Although there are many different ways to conduct an evaluation of the effectiveness of internal control over financial reporting to meet the requirements of this paragraph, an evaluation that is conducted in accordance with the interpretive guidance issued by the Commission in Release No. 34-XXXXX will satisfy the evaluation required by this paragraph.

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PART 241—INTERPRETATIVE RELEASES RELATING TO THE SECURITIES EXCHANGE ACT OF 1934 AND GENERAL RULES AND REGULATIONS THEREUNDER

7. Part 241 is amended by adding Release No. 34-XXXXX and the release date of December XX, 2006 to the list of interpretative releases.

Dated: December 20, 2006.

By the Commission.

Nancy M. Morris,
Secretary.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-141901-05]

RIN 1545-BE92

Exchanges of Property for an Annuity

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Change of location of public hearing.

SUMMARY: On October 18, 2006, on page 61441 of the *Federal Register* (71 FR 61441), a notice of proposed rulemaking and notice of public hearing announced that a public hearing concerning guidance on the taxation of the

exchange of property for an annuity contract will be held February 16, 2007 in the auditorium of the New Carrollton Federal Building, 5000 Ellin Road, Lanham, MD 20706. The location of the public hearing has changed.

ADDRESSES: The public hearing will be held in the IRS Auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning submissions of comments, the hearing, and/or to be placed on the building access list to attend the hearing Kelly Banks, (202) 622-0392 (not a toll-free number).

LaNita Van Dyke,

Branch Chief, Publications and Regulations, Associate Chief Counsel, Legal Processing Division (Procedure and Administration).

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-142270-05]

RIN 1545-BE90

Railroad Track Maintenance Credit; Hearing Cancellation

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Cancellation of notice of public hearing on proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: This document cancels a public hearing on proposed regulations by cross-reference to temporary regulations relating to the railroad track maintenance credit determined for qualified railroad track maintenance expenditures paid or incurred by a Class II or Class III railroad and other eligible taxpayers during the taxable year.

DATES: The public hearing, originally scheduled for January 9, 2007 at 10 a.m. is cancelled.

FOR FURTHER INFORMATION CONTACT: Kelly Banks of the Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration) at (202) 622-0392 (not a toll-free number).

SUPPLEMENTARY INFORMATION: A notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing that appeared in the **Federal Register** on Friday, September 8, 2006 (71 FR 53053), announced that a public hearing was

scheduled for January 9, 2006, at 10 a.m. in the IRS Auditorium, New Carrollton Federal Building, 5000 Ellin Road, Lanham, MD 20706. The subject of the public hearing is under section 45G of the Internal Revenue Code.

The public comment period expired on December 7, 2006. The notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing instructed those interested in testifying at the public hearing to submit an outline of the topics to be addressed. As of Monday, December 11, 2006, no one has requested to speak. Therefore, the public hearing scheduled for January 9, 2007, is cancelled.

La Nita VanDyke,

Branch Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-208270-86]

RIN 1545-AM12

Income and Currency Gain or Loss With Respect to a Section 987 QBU; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to notice of proposed rulemaking.

SUMMARY: This document contains corrections to a notice of proposed rulemaking that was published in the **Federal Register** on Thursday, September 7, 2006 (71 FR 52876), regarding the determination of the items of income or loss of a taxpayer with respect to a section 987 qualified business unit as well as the timing, amount, character and source of any section 987 gain or loss.

FOR FURTHER INFORMATION CONTACT: Sheila Ramaswamy, (202) 622-3870 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The notice of proposed rulemaking (REG-208270-86) that is the subject of these corrections is under section 987 of the Internal Revenue Code.

Need for Correction

As published, the notice of proposed rulemaking (REG-208270-86) contains errors that may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the notice of proposed rulemaking (REG-208270-86), that was the subject of FR Doc. 06-7250, is corrected as follows:

1. On page 52879, second column, in the preamble under the paragraph heading “*E. Concerns Regarding the 1991 Proposed Regulations: Notice 2000-20*,” the sixteenth line following the formula, the language “DE. The DE conducts mineral” is corrected to read “DE. The DE conducts mineral extraction in Country X”.

2. On page 52886, first column, in the preamble under the paragraph heading “*C. Section 1.987-3 Determination of the Items of Section 987 Taxable Income or Loss of an Owner of a Section 987 QBU*,” the eighth line, the language “under other provisions are not taken” is corrected to read “under other provisions of the Code or regulations are not taken”.

3. On page 52886, second column, under the paragraph heading “*C. Section 1.987-3 Determination of the Items of Section 987 Taxable Income or Loss of an Owner of a Section 987 QBU*,” first full paragraph, ninth line from the bottom of the paragraph, the language “rates for amount realized and adjusted” is corrected to read “rates for the amount realized and adjusted”.

4. On page 52886, second column, under the paragraph heading “*C. Section 1.987-3 Determination of the Items of Section 987 Taxable Income or Loss of an Owner of a Section 987 QBU*,” second full paragraph, fifth line, the language “Generally the amount realized and” is corrected to read “Generally, the amount realized and adjusted”.

§ 1.987-1 [Corrected]

5. On page 52895, second column, § 1.987-1(b)(7), paragraph (ii)(B) of Example 1, fifth line from the bottom of the paragraph, the language “neither the activities of DE1 or DE2 are” is corrected to read “the activities of DE1 are not”.

§ 1.987-2 [Corrected]

6. On page 52899, first column, § 1.987-2(c)(9), lines 2 and 3, the language “illustrate the principles of this paragraph (c). For purposes of these” is corrected to read “illustrate the principles of paragraph (b) of this section and this paragraph (c). For purposes of these”.