rule. You may send comments regarding the collection of information associated with this rule, including suggestions for reducing the burden, to Jasmeet K. Seehra, Office of Management and Budget (OMB), by email to *Jasmeet_K._Seehra@omb.eop.gov,* or by fax to (202) 395–7285.

3. This rule does not contain policies with Federalism implications as that term is defined in Executive Order 13132.

4. The provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, the opportunity for public comment and a delay in effective date are inapplicable because this regulation involves a military or foreign affairs function of the United States. (*See* 5 U.S.C. 553(a)(1)). BIS implements this rule to protect U.S. national security or foreign policy interests by preventing items from being exported, reexported, or transferred (in country) to the person being added to the Entity List. If this rule were delayed to allow for notice and comment and a delay in effective date, then the entity being added to the Entity List by this action would continue to be able to receive items without a license and to conduct activities contrary to the national security or foreign policy interests of the United States. In addition, publishing a proposed rule would give this party notice of the U.S. Government's intention to place them on the Entity List and would create an incentive for this person to either accelerate receiving items subject to the EAR to conduct activities that are contrary to the national security or foreign policy interests of the United States, and/or to take steps to set up additional aliases, change addresses, and other measures to try to limit the impact of the listing on the Entity List once a final rule was published. Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this rule. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.,* are not applicable. Accordingly, no regulatory flexibility analysis is required and none has been prepared.

List of Subjects in 15 CFR Part 744

Exports, Reporting and recordkeeping requirements, Terrorism.

Accordingly, part 744 of the Export Administration Regulations (15 CFR parts 730–774) is amended as follows:

PART 744—[AMENDED]

■ 1. The authority citation for 15 CFR part 744 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.;* 50 U.S.C. 1701 *et seq.;* 22 U.S.C. 3201 *et seq.;* 42 U.S.C. 2139a; 22 U.S.C. 7201 *et seq.;* 22 U.S.C. 7210; E.O. 12058, 43 FR 20947, 3 CFR, 1978 Comp., p. 179; E.O. 12851, 58 FR 33181, 3 CFR, 1993 Comp., p. 608; E.O. 12938, 59 FR 59099, 3 CFR, 1994 Comp., p. 950; E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 356; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13099, 63 FR 45167, 3 CFR, 1998 Comp., p. 208; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; Notice of August 7, 2014, 79 FR 46959 (August 11, 2014); Notice of September 17, 2014, 79 FR 56475 (September 19, 2014); Notice of November 7, 2014, 79 FR 67035 (November 12, 2014); Notice of January 21, 2015, 80 FR 3461 (January 22, 2015).

■ 2. Supplement No. 4 to part 744 is amended by adding in alphabetical order the destination of Ecuador under the Country Column, and one Ecuadorian entity to read as follows:

Supplement No. 4 to Part 744—Entity List

Country	Entity	License requirement	License review policy	**Federal Register** citation
*	*	*	*	*
ECUADOR	Corporacion Nacional de Telecomunicaciones (CNT), Avenida Gaspar de Villaroel Quito, Ecuador; *and* Avda. Veintimilla, Suite 1149 y Amazonas, Edificio Estudio Z, Quito, Ecuador.	For items classified under Export Control Classification Numbers (ECCNs) 5D002 or 5A002. (See § 744.11 of the EAR).	Case-by-case review	80 FR [INSERT FR PAGE NUMBER] 6/4/15.
*	*	*	*	*

Dated: May 29, 2015.

Matthew S. Borman,

Deputy Assistant Secretary for Export Administration.

[FR Doc. 2015–13632 Filed 6–3–15; 8:45 am]

BILLING CODE 3510–33–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 200, 230, 232, 239, 240, 249, and 260

[Release Nos. 33–9741A; 34–74578A; 39–2501A; File No. S7–11–13]

RIN 3235–AL39

Amendments for Small and Additional Issues Exemptions Under the Securities Act (Regulation A)

AGENCY: Securities and Exchange Commission.

ACTION: Final rule; correction.

SUMMARY: This document corrects an instruction for the authority to part 200 in a final rule published in the **Federal Register** of April 20, 2015 regarding the Amendments for Small and Additional Issues Exemptions under the Securities Act (Regulation A).

DATES: This correction is effective June 19, 2015.

FOR FURTHER INFORMATION CONTACT: Naomi P. Lewis, Office of the Secretary at (202) 551–5400.

SUPPLEMENTARY INFORMATION: In FR Document No. 2015–07305, published on April 20, 2015, on page 21894, third column, 5th line, instruction number 1 should read as follows:

■ 1. The authority citation for part 200, subpart A is revised to read, in part, as follows:

Dated: June 1, 2015.

Brent J. Fields,

Secretary.

[FR Doc. 2015–13627 Filed 6–3–15; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9720]

RIN 1545–BK85

Substantial Business Activities

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations regarding when an expanded affiliated group will be considered to have substantial business activities in a foreign country. These regulations affect certain domestic corporations and partnerships (and certain parties related to them), and foreign corporations that acquire substantially all of the properties of such domestic corporations or partnerships.

DATES:

Effective date: These regulations are effective on June 4, 2015.

Applicability date: For date of applicability, see § 1.7874–3(f).

FOR FURTHER INFORMATION CONTACT: David A. Levine, (202) 317–6937 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On June 6, 2006, temporary regulations under section 7874 (TD 9265) were published in the **Federal Register** (71 FR 32437) concerning the treatment of a foreign corporation as a surrogate foreign corporation (2006 temporary regulations). A notice of proposed rulemaking (REG–112994–06) cross-referencing the 2006 temporary regulations was published in the same issue of the **Federal Register** (71 FR 32495). On July 28, 2006, Notice 2006–70 (2006–2 CB 252) was published, announcing a modification to the effective date contained in the 2006 temporary regulations. See § 601.601(d)(2)(ii)(*b*). On June 12, 2009, the 2006 temporary regulations and the related notice of proposed rulemaking were withdrawn and replaced with new temporary regulations (2009 temporary regulations), which generally apply to acquisitions completed on or after June 9, 2009. TD 9453 (74 FR 27920). A notice of proposed rulemaking (REG–112994–06) cross-referencing the 2009 temporary regulations was published in the same issue of the **Federal Register** (74 FR 27947). On June 12, 2012, the 2009 temporary regulations and the related notice of proposed rulemaking were withdrawn and replaced with new temporary regulations (2012 temporary regulations), which generally apply to acquisitions completed on or after June 7, 2012. TD 9592 (77 FR 34785). A notice of proposed rulemaking (REG–107889–12) cross-referencing the 2012 temporary regulations was published in the same issue of the **Federal Register** (77 FR 34887). No public hearing was requested or held; however, comments were received. All comments are available at *www.regulations.gov* or upon request. After consideration of the comments, the 2012 temporary regulations are adopted as final regulations with the modifications described in this preamble. The 2012 temporary regulations are removed.

Explanation of Revisions and Summary of Comments

A. General Approach

A foreign corporation generally is treated as a surrogate foreign corporation under section 7874(a)(2)(B) if pursuant to a plan (or a series of related transactions): (i) The foreign corporation completes after March 4, 2003, the direct or indirect acquisition of substantially all of the properties held directly or indirectly by a domestic corporation (acquisition); (ii) after the acquisition, at least 60 percent of the stock (by vote or value) of the foreign corporation is held by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation; and (iii) after the acquisition, the expanded affiliated group that includes the foreign corporation (EAG) does not have substantial business activities in the foreign country in which, or under the law of which, the foreign corporation is created or organized (relevant foreign country), when compared to the total business activities of the EAG. Similar provisions apply if a foreign corporation acquires substantially all of the properties constituting a trade or business of a domestic partnership.

The 2009 temporary regulations provided that whether an EAG will be considered to have substantial business activities in the relevant foreign country is based on all the facts and circumstances and, unlike the 2006 temporary regulations, did not provide a safe harbor. The 2012 temporary regulations replaced this facts-and-circumstances test with a bright-line rule describing the threshold of activities required for an EAG to be considered to have substantial business activities in the relevant foreign country. Under this bright-line rule, an EAG will be considered to have substantial business activities in the relevant foreign country only if at least 25 percent of the group employees, group assets, and group income are located or derived in the relevant foreign country.

Some comments criticized this approach and asserted that there is insufficient support for this bright-line rule in the legislative history. In addition, some comments recommended reverting to a general facts and circumstances test, along with a safe harbor, given the difficulty of formulating a bright-line rule that produces appropriate results in all circumstances. As an alternative, comments suggested that the failure to satisfy the bright-line rule could establish a rebuttable presumption that an EAG does not have substantial business activities in the relevant foreign country.

After consideration of the comments, the Department of the Treasury (Treasury Department) and the IRS have concluded that the bright-line rule in the 2012 temporary regulations is consistent with section 7874 and its underlying policies. In addition, the bright-line rule has proven more administrable than a facts-and-circumstances test and has the benefit of providing certainty in applying section 7874 to particular transactions. As a result, these final regulations retain the bright-line rule subject to certain modifications, which are described in this preamble.

B. Threshold of Business Activities

As described in section A of this preamble, the 2012 temporary regulations provide that an EAG will be considered to have substantial business activities in the relevant foreign country only if at least 25 percent of its group employees, group assets, and group income are located or derived in the relevant foreign country. Comments addressed both the magnitude of the 25-percent threshold and the requirement that each of the group employees, group assets, and group income tests must be satisfied. Although one comment stated that a 25-percent threshold is a reasonable measure of substantiality, other comments stated that it is overly