At the beginning of Year 4, at a time when property D, LLC’s only asset, has a value of $33,000 and basis of $24,000 ($30,000 original basis less $6,000 depreciation in Years 1 through 3), and LLC has accumulated undistributed cash of $12,000 ($15,000 gross income less $3,000 of interest payments) in LLC, M converts the debt into a ⅓ interest in LLC.

§ 1.721–2(g)(2) and convertible equity includes convertible debt (as defined in § 1.721–2(g)(3)).

■ Par. 3. Section 1.761–3 is amended by:
  ■ a. Revising the second sentence of paragraph (b)(3);
  ■ b. Revising paragraph (f) introductory text;
  ■ c. Removing “1” from paragraph (f) Example heading; and
  ■ d. Revising the second sentence in the paragraph (f) Example.

The revisions read as follows:

§ 1.761–3 Certain option holders treated as partners.

  * * * * *

  (b) * * *

  (3) * * In addition, an option includes convertible debt (as defined in § 1.721–2(g)(2)) and convertible equity (as defined in § 1.721–2(g)(3)).

  * * * * *

  (f) Example. The following example illustrates the provisions of this section. For purposes of the example, assume that PRS is a partnership for Federal tax purposes, none of the noncompensatory option holders or partners are related persons, and that general principles of law do not apply to treat the noncompensatory option as a partnership interest. The example reads as follows:

Example. * * In exchange for a premium of $10x, PRS issues a noncompensatory option to A to acquire a 10 percent interest in PRS for $110x at any time during a 3-year period beginning on the date on which the option is issued. * * *

* * * * *

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

[FR Doc. 2013–06703 Filed 3–22–13; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket No. USCG–2013–0005]

RIN 1625–AA00

Safety Zone; Desert Storm Shootout; Lake Havasu, Lake Havasu City, AZ

AGENCY: Coast Guard, DHS.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone on the navigable waters of the Colorado River in Lake Havasu, Lake Havasu City, Arizona in support of the Desert Storm Shootout. This temporary safety zone is necessary to provide for the safety of the participants, crew, spectators, participating vessels, and other vessels and users of the waterway. Persons and vessels are prohibited from entering into, transiting through, or anchoring within this safety zone unless authorized by the Captain of the Port, or his designated representative.

DATES: This rule is effective from 8 a.m. on April 26 through 6 p.m. April 28, 2013. It will be enforced from 8 a.m. through 6 p.m. on April 26 and 27, 2013. If the event is delayed by inclement weather, it will also be enforced from 8 a.m. to 6 p.m. on April 28, 2013.

ADDRESSES: Documents mentioned in this preamble are part of docket [USCG–2013–0005]. To view documents mentioned in this preamble as being available in the docket, go to http://www.regulations.gov, type the docket number in the “SEARCH” box and click “SEARCH.” Click on Open Docket Folder on the line associated with this rulemaking. You may also visit the Docket Management Facility in Room W12–140 on the ground floor of the Department of Transportation West Building, 1200 New Jersey Avenue SE., Washington, DC 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email Petty Officer Deborah Metzger, Waterways Management, U.S. Coast Guard Sector San Diego, Coast Guard; telephone 619–278–7656, email dt1marineeventssandiego@uscg.mil. If you have questions on viewing or submitting material to the docket, call Barbara Hairston, Program Manager, Docket Operations, telephone (202) 366–9826.

SUPPLEMENTARY INFORMATION:

Table of Acronyms

DHS Department of Homeland Security
FR Federal Register
NPRM Notice of Proposed Rulemaking

A. Regulatory History and Information

The Coast Guard is issuing this temporary final rule without prior notice and opportunity to comment pursuant to authority under section 4(a) of the Administrative Procedure Act (APA) (5 U.S.C. 553(b)). This provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because notice procedures were impracticable. The Coast Guard did not receive notice of the pertinent details of this event in time to publish an NPRM and solicit public comment. This is a very large event with many spectators and participants expecting it to occur as scheduled.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective less than 30 days after publication in the Federal Register. The Coast Guard did not receive notice of the pertinent details of this event in time to allow for the delay between publication and the effective date of the rule. Delaying the effective date would be contrary to the public interest. Many spectators and participants expect this event to occur as scheduled. Immediate action is necessary to ensure the safety of the crew, spectators, and other vessels and users of the waterway.

B. Basis and Purpose

The legal basis for this temporary rule is the Ports and Waterways Safety Act which authorizes the Coast Guard to establish safety zones (33 U.S.C 1221 et seq.).

Lake Racer LLC is sponsoring the Desert Storm Shootout, which is to be held on the Colorado River in Lake Havasu City, Arizona. This temporary safety zone is necessary to provide for the safety of the participants, crew, spectators, sponsor vessels, and other users of the waterway. This event involves powerboats participating in an exhibition run on a closed course. The size of the boats varies from 19 to 55 feet. Approximately 250 boats will participate in this event. The sponsor will provide approximately 25 rescue, and safety patrol boats for the safety of this event.
C. Discussion of Rule

The Coast Guard is establishing a safety zone that will be enforced from 8 a.m. to 6 p.m. on April 26 and April 27, 2013. If the event is delayed by inclement weather, this safety zone will also be enforced on April 28, 2013, from 8 a.m. to 6 p.m. This safety zone is necessary to provide for the safety of the crews, spectators, and participants of the event and to protect other vessels and users of the waterway. Persons and vessels will be prohibited from entering into, transiting through, or anchoring within this safety zone unless authorized by the Captain of the Port, or his designated representative. This temporary safety zone will be bound by the following coordinates:

34°26′51″ N, 114°20′41″ W
34°27′17″ N, 114°20′51″ W
34°27′16″ N, 114°22′34″ W
34°26′55″ N, 114°22′59″ W

The Coast Guard may be assisted by the other federal, state, or local agencies, including the Coast Guard Auxiliary, vessel or persons violating this section may be subject to both criminal and civil penalties.

D. Regulatory Analyses

We developed this rule after considering numerous statutes and executive orders related to rulemaking. Below we summarize our analyses based on these statutes and executive orders.

1. Regulatory Planning and Review

This rule is not a significant regulatory action under section 3(f) of Executive Order 12866, Regulatory Planning and Review, as supplemented by Executive Order 13563, Improving Regulation and Regulatory Review, and does not require an assessment of potential costs and benefits under section 6(a)(3) of Executive Order 12866 or under section 1 of Executive Order 13563. The Office of Management and Budget has not reviewed it under those Orders. This determination is based on the size and location of the safety zone. Commercial vessels will not be hindered by the safety zone. Recreational vessels will be allowed to transit through the designated safety zone during enforcement periods after receiving authorization from the Captain of the Port or his designated representative.

2. Impact on Small Entities

The Regulatory Flexibility Act of 1980 (RFA) (5 U.S.C. 601–612, as amended), requires federal agencies to consider the potential impact of regulations on small entities during rulemaking. The term “small entities” comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. The Coast Guard certifies under 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities. This rule will affect the following entities, some of which may be small entities: the owners or operators of vessels intending to transit or anchor in a portion of the Colorado River from 8 a.m. to 6 p.m. on April 26 and April 27, 2013. If the event is delayed by inclement weather, these regulations will also be enforced on April 28, 2013, from 8 a.m. to 6 p.m.

This safety zone will not have a significant economic impact on a substantial number of small entities for the following reasons. The safety zone impacts a very small portion of Lake Havasu. Commercial traffic will not be impeded. Recreational traffic can operate around the impacted area. Before the effective period, the Coast Guard will publish a Local Notice to Mariners (LNM).

3. Assistance for Small Entities

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121), we want to assist small entities in understanding this rule. If the rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please contact the person listed in the FOR FURTHER INFORMATION CONTACT, above.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency’s responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1–888–REG–FAIR (1–888–734–3247). The Coast Guard will not retaliate against small entities that question or complain about this rule or any policy or action of the Coast Guard.

4. Collection of Information

This rule will not call for a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

5. Federalism

A rule has implications for federalism under Executive Order 13132. Federalism, if it has a substantial direct effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. We have analyzed this rule under that Order and determined that this rule does not have implications for federalism.

6. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to contact the person listed in the FOR FURTHER INFORMATION CONTACT section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places or vessels.

7. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of $100,000,000 (adjusted for inflation) or more in any one year. Though this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

8. Taking of Private Property

This rule will not cause a taking of private property or otherwise have taking implications under Executive Order 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights.

9. Civil Justice Reform

This rule meets applicable standards in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden.

10. Protection of Children

We have analyzed this rule under Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks. This rule is not an economically significant rule and does not create an environmental risk to health or risk to safety that may disproportionately affect children.

11. Indian Tribal Governments

This rule does not have tribal implications under Executive Order 13175, Consultation and Coordination with Indian Tribal Governments,
because it does not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

12. Energy Effects

This action is not a “significant energy action” under Executive Order 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use.

13. Technical Standards

This rule does not use technical standards. Therefore, we did not consider the use of voluntary consensus standards.

14. Environment

We have analyzed this rule under Department of Homeland Security Security Management Directive 023–01 and Commandant Instruction M16475.1D, which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321–4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule involves establishment of a safety zone. This rule is categorically excluded from further review under paragraph 34(g) of Figure 2–1 of the Commandant Instruction. An environmental analysis checklist and a Categorical Exclusion Determination are available in the docket where indicated.

We seek any comments or information that may lead to the discovery of a significant environmental impact from this rule.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security measures, Waterways.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 165 as follows:

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

§165.T11–554 Safety zone; Desert Storm Shootout; Lake Havasu, Lake Havasu City, AZ

(a) Location. This safety zone encompasses the waters of Lake Havasu on the Colorado River and is bound by the following coordinates:

- 34°26′51″ N, 114°20′41″ W
- 34°27′17″ N, 114°20′51″ W
- 34°22′18″ N, 114°22′34″ W
- 34°26′55″ N, 114°22′59″ W

(b) Enforcement period. This rule will be enforced from 8 a.m. to 6 p.m. on April 26 and April 27, 2013. If the event is delayed by inclement weather, this rule will also be enforced on April 28, 2013, from 8 a.m. to 6 p.m. If the need for the safety zone ends before the scheduled termination time, the Captain of the Port will cease enforcement of this safety zone and his designative representative will announce that the safety zone is no longer in effect.

(c) Definitions. The following definition applies to this section:

Designated representative means any commissioned, warrant, and petty officer of the Coast Guard on board Coast Guard, Coast Guard Auxiliary, and local, state, or federal law enforcement vessels who have been authorized to act on the behalf of the Captain of the Port.

(d) Regulations. (1) Entry into, transit through or anchoring within this safety zone is prohibited unless authorized by the Captain of the Port of San Diego or his designated representative.

(2) Mariners requesting permission to transit through the safety zone may request authorization to do so from the Patrol Commander (PATCOM). The PATCOM may be contacted on VHF–FM Channel 21.

(3) All persons and vessels shall comply with the instructions of the Coast Guard Captain of the Port or his designated representative.

(4) Upon being hailed by U.S. Coast Guard patrol personnel by siren, radio, a flashing light, or other means, the operator of a vessel shall proceed as directed.

(5) The Coast Guard may be assisted by other Federal, State, or local agencies.

Dated: March 18, 2013.

S.M. Mahoney,
Captain, U.S. Coast Guard, Captain of the Port San Diego.

[FR Doc. 2013–06705 Filed 3–22–13; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42


RIN 0651–AC83

Changes To Implement the Technical Corrections to the Leahy-Smith America Invents Act as to Inter Partes Review


ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement the changes with respect to inter partes review that are set forth in section 1(d) of the Act to correct and improve certain provisions of the Leahy-Smith America Invents Act and title 35, United States Code (“AIA Technical Corrections Act”). Consistent with the statutory changes, this final rule eliminates the nine-month “dead zone” for filing an inter partes review petition challenging a first-to-invent patent or reissue patent. Under the final rule, a petitioner may file an inter partes review petition challenging a first-to-invent patent or reissue patent upon issuance, including during the first nine months after issuance.

DATES: Effective Date: March 25, 2013.

FOR FURTHER INFORMATION CONTACT: Michael P. Tierney, Sally G. Lane, Sally C. Medley, or Joni Y. Chang, Administrative Patent Judges, Patent Trial and Appeal Board, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary: Purpose: The purpose of the AIA Technical Corrections Act is to correct and improve certain provisions of the Leahy-Smith America Invents Act (“AIA”). With respect to inter partes review, section 1(d) of the AIA Technical Corrections Act and this final rule eliminate the nine-month “dead zone” for filing a petition challenging a first-to-invent patent or reissue patent. Under this final rule, first-to-invent patents and reissue patents are eligible for inter partes review upon issuance. In other words, a petitioner may file an inter partes review petition challenging a first-to-invent patent or reissue patent upon issuance, including during the first nine months after issuance. That will improve patent quality and limit unnecessary and counterproductive litigation. The preamble of this rule sets forth in detail statutory and regulatory