

(2) by striking out in paragraph (3) (B) (as amended by section 207(a)(2)) "if neither paragraph (2) (B) nor (5) (B) applies" and inserting in lieu thereof "if neither paragraph (2) (B), (5), or (6) (B) applies";

(3) by striking out in paragraph (6) (as renumbered by paragraph (1)) "shale, and stone, except stone described in paragraph (6)" and inserting in lieu thereof "shale (except shale described in paragraph (5)), and stone (except stone described in paragraph (7))";

(4) by striking out, in subparagraph (B) of paragraph (6) (as so renumbered), "building or paving brick," and by striking out "sewer pipe,"; and

(5) by inserting after "any such other mineral" in paragraph (7) (as so renumbered) "(other than slate to which paragraph (5) applies)".

74 Stat. 293.
26 USC 613.

(b) CONFORMING AMENDMENT.—Section 613(c)(4)(G) (relating to treatment processes) is amended by striking out "paragraph (5) (B)" and inserting in lieu thereof "paragraph (5) or (6) (B)".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 210. STRADDLES.

72 Stat. 1644.
26 USC 1234.

(a) TREATMENT AS SHORT-TERM CAPITAL GAIN.—Section 1234 (relating to options) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) SPECIAL RULE FOR GRANTORS OF STRADDLES.—

"(1) GAIN ON LAPSE.—In the case of gain on lapse of an option granted by the taxpayer as part of a straddle, the gain shall be deemed to be gain from the sale or exchange of a capital asset held for not more than 6 months on the day that the option expired.

"(2) EXCEPTION.—This subsection shall not apply to any person who holds securities for sale to customers in the ordinary course of his trade or business.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) The term 'straddle' means a simultaneously granted combination of an option to buy, and an option to sell, the same quantity of a security at the same price during the same period of time.

"(B) The term 'security' has the meaning assigned to such term by section 1236(c)."

68A Stat. 330.
26 USC 1236.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to straddle transactions entered into after January 25, 1965, in taxable years ending after such date.

SEC. 211. TAX TREATMENT OF PER-UNIT RETAIN ALLOCATIONS.

(a) TAX TREATMENT OF COOPERATIVES.—

76 Stat. 1046.
26 USC 1382.

(1) Section 1382(a) (relating to gross income of cooperatives) is amended by striking out the period at the end thereof and inserting "or by reason of any amount paid to a patron as a per-unit retain allocation (as defined in section 1388(f))."

26 USC 1388.

(2) Section 1382(b) is amended—

(A) by striking out "(b) PATRONAGE DIVIDENDS.—" and inserting in lieu thereof "(b) PATRONAGE DIVIDENDS AND PER-UNIT RETAIN ALLOCATIONS.—",

(B) by striking out "or" at the end of paragraph (1),