standing it would be desirable to have the bill so provide. A second choice would be to have a statement contained in the report of the Committee on Ways and Means to the effect that it was anticipated that regulations of the Internal Revenue Service should so provide.

Engaged in trade or business—Dealer in securities

Proposed section 871(c), H.R. 5916, as introduced, defines "engaged in trade or business within the United States." It provides that the term does not include "certain trading in securities or commodities" (871(c)(2)). However, there seems to be excepted from this exemption situation "where the person so trading is a dealer in securities."

This provision of the bill, as introduced, is contrary to one of the basic proposals of the report of the Fowler task force, reflected in several recommendations; namely, that foreign security dealers should be encouraged to participate in the marketing to foreigners of U.S. securities. The bill as introduced could be so interpreted as to provide a real obstacle to any activity in the United States of any foreign dealer in securities. It is urged that the Committee on Ways and Means take appropriate action to correct the provision as now contained in the bill.

APPENDIX II

SUMMARY OF RESPONSES TO NFTC QUESTIONNAIRE RELATING TO CERTAIN RECOMMENDATIONS IN THE FOWLER TASK FORCE REPORT

Recommendations 3, 10, 18, 19, 22, 24

Some of the more significant replies to this set of recommendations, all of which generally are concerned with the making available for distribution abroad of shares of U.S. corporations are set forth below.

> In the principal financial markets where investment in U.S. securities is permitted and practiced appreciably the company's shares are now readily available through either (1) current listings on foreign stock exchanges; (2) active trading on an unlisted basis; or (3) ready access to the New York markets.

> Company's stock is listed on Zurich Exchange where U.S. stock certificates endorsed in blank are good delivery. Company's stock was previously listed in Amsterdam and Brussels, where depositary receipts in bearer form were issued by local trust companies. Company is also contemplating issuing its annual report in several foreign languages.

> The company's common stock is now traded in on about eight European markets. Several foreigners are now shareowners in the company. Depository receipts for the company's stock are now offered by at least two European banking firms.

> Parent company shares available to local residents in all countries in which company has affiliates. Company has pointed out to government and industrial leaders in these countries that they could participate in the enterprise through the ownership of shares.