~~gross income of nonresident alien individuals) is amended to read as follows:~~

~~"(a) GENERAL RULE.—In the case of a nonresident alien individual, gross income includes only—~~

~~"(1) gross income which is derived from sources within the United States and which is not effectively connected with the conduct of a trade or business within the United States, and~~

~~"(2) gross income which is effectively connected with the conduct of a trade or business within the United States."~~

~~(2) Subparagraph (B) of section 872 (b) (3) (relating to compensation of participants in certain exchange or training programs) is amended by striking out "by a domestic corporation" and inserting in lieu thereof "by a domestic corporation, a domestic partnership, or an individual who is a citizen or resident of the United States".~~

~~(3) Subsection (b) of section 872 (relating to exclusions from gross income) is amended by adding at the end thereof the following new paragraph:~~

~~"(4) BOND INTEREST OF RESIDENTS OF THE RYUKYU ISLANDS OR THE TRUST TERRITORY OF THE PACIFIC ISLANDS.—Income derived by a nonresident alien individual from a series E or series H United States~~