ing area, (2) changing the minimum prices set forth in Article IV in said order and said marketing agreement, and (3) modifying the classifications set forth in Article III of the said order and said agreement.

Copies of the proposal to amend the order and the marketing agreement may be inspected in, or procured from, the Office of the Hearing Clerk, Room 4725, South Building, United States Department of Agriculture, Washington, D. C.

H. A. WALLACE, *Secretary.*

MARCH 12, 1936.

[F. R. Doc. 5—Filed, March 13, 1936; 1:01 p. m.]

FEDERAL TRADE COMMISSION.

TRADE PRACTICE RULES

VEGETABLE IVORY BUTTON MANUFACTURING INDUSTRY

GROUP I

The unfair trade practices which are embraced in Group I rules are considered to be unfair methods of competition within the decisions of the Federal Trade Commission and the Courts, and appropriate proceedings in the public interest will be taken by the Commission to prevent the use of such unlawful practices in or directly affecting interstate commerce.

Rule 1:

The use of false or deceptive selling methods or false or deceptive credit terms which have the tendency, capacity or effect of misleading or deceiving purchasers or prospective purchasers is an unfair trade practice.

Rule 2:

The false or deceptive marking or branding of products of the industry for the purpose or with the capacity, tendency or effect of misleading or deceiving purchasers, prospective purchasers, or the consuming public with respect to the grade, quality, quantity, use, size, material, content, origin, preparation, manufacture, or distribution of such products, or in any other material respect, is an unfair trade practice.

Rule 3:

The making, or causing, or permitting to be made or published any false, untrue, or deceptive statement or representation, by way of advertisement or otherwise, concerning the grade, quality, quantity, use, size, material, content, origin, preparation, manufacture, or distribution of any industry products, or in any other material respect, with the purpose, or with the capacity, tendency, or effect of misleading or deceiving purchasers, prospective purchasers, or the consuming public, is an unfair trade practice.

Rule 4:

Defamation of competitors by falsely imputing to them dishonorable conduct, inability to perform contracts, questionable credit standing, or by other false representations, or the false disparagement of the grade, quality, or manufacture of the products of competitors, or of their business methods, selling prices, values, credit terms, policies, or services, with the capacity, tendency, or effect of misleading or deceiving purchasers or prospective purchasers and the tendency to injuriously affect the business of such competitors, is an unfair trade practice.

Rule 5:

The circulation of threats of suit for infringement of patents or trade-marks among customers or prospective customers of a competitor, not made in good faith but for the purpose of harassing or intimidating such customers or prospective customers or otherwise prejudicing or injuring competitors in their businesses, is an unfair trade practice.

Rule 6:

The secret payment or allowance of rebates, refunds, commissions, credits, unearned discounts, or allowances, whether in the form of money, or disguised as free samples to purchasers or in some other form of disguise, or secretly extending or granting to certain purchasers special allowances on the return or exchange of unused goods or other special privileges or services not extended or granted to all purchasers under like terms and conditions, with the intent and the effect of thereby injuring a competitor and where the effect may be to substantially lessen competition, or tend to create a monopoly, or unreasonably restrain trade, is an unfair trade practice.

Rule 7:

It is an unfair trade practice for a member of the industry directly or indirectly to give, or offer to give, or permit or cause to be given, money or anything of value to agents, employees, or representatives of customers or prospective customers, or to agents, employees, or representatives of competitors' customers or prospective customers, without the knowledge of their employers or principals, as an inducement to influence their employers or principals to purchase or contract to purchase products manufactured or sold by such industry member or the maker of such gift or offer, or to influence such employers or principals to refrain from dealing in the products of competitors or from dealing or contracting to deal with competitors.

Rule 8:

Wilfully inducing or attempting to induce, by any false or deceptive means whatsoever, the breach of any lawful contract or contracts existing between competitors and their customers or their suppliers, or wilfully interfering with or obstructing the performance of any such contractual duties or services, with the purpose and effect of unduly hampering, injuring, or embarrassing competitors in their businesses, is an unfair trade practice.

Rule 9:

Securing information from competitors concerning their businesses by false or misleading statements or representations or by false impersonations of one in authority and the wrongful use thereof to unduly hinder or stifle the competition of such competitors is an unfair trade practice.

Rule 10:

It is an unfair trade practice for any member of the industry engaged in interstate commerce in the course of such commerce either directly or indirectly to discriminate in price between different purchasers of industry products sold for use, consumption, or resale within the United States or any place subject to its jurisdiction, whether in the form of price differentials, discounts, terms of payment, transportation allowances, free goods, services or otherwise, and where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce: *Provided,* That nothing herein contained shall prevent discrimination in price between purchasers of commodities on account of differences in the grade, quality, or quantity of the commodity sold, or that makes only due allowance for difference in the cost of selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition: *And provided further,* That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade.

Rule 11:

The practice of imitating or causing to be imitated, or directly or indirectly promoting or aiding the imitation of, the trade-marks, trade names, or other exclusively owned symbols or marks of identification of competitors, or the exclusively owned patterns of competitors which have not been directly or by operation of law dedicated to the public, having the capacity, tendency, or effect of misleading or deceiving purchasers or prospective purchasers or the consuming public, is an unfair trade practice.

Rule 12:

The practice of selling goods below the seller's cost, with the intent and with the effect of injuring a competitor and where the effect may be to substantially lessen competition or tend to create a monopoly or unreasonably restrain trade, is an unfair trade practice; all elements recognized by good accounting practice as proper elements of such cost shall be included in determining cost under this rule.

Rule 13:

The practice of using any product of the industry as a "loss leader" to induce the purchase of other merchandise, the sale of which merchandise is used to recoup the loss sustained on the "loss leader" product so sold, with the tendency or capacity to mislead or deceive purchasers or prospective purchasers and which unfairly diverts trade from or otherwise injures competitors, is an unfair trade practice.

GROUP II

The trade practices embraced in Group II rules do not, per se, constitute violations of law. They are considered by the industry either to be unethical, uneconomical, or otherwise objectionable; or to be conducive to sound business methods which the industry desires to encourage and promote. Such rules, when they conform to the above specifications and are not violative of law, will be received by the Commission, but the observance of said rules must depend upon and be accomplished through the cooperation of the members of the industry concerned, exercised in accordance with existing law. Where, however, such practices are used in such manner as to become unfair methods of competition in commerce or a violation of any law over which the Commission has jurisdiction, appropriate proceedings will be instituted by the Commission as in the case of violation of Group I rules.

Rule A:

The practice of shipping goods on approval or on consignment or pretended consignment, which goods have not been previously requested or ordered, is condemned by the industry.

Rule B:

A Committee on Trade Practices is hereby created by the industry to cooperate with the Federal Trade Commission and to perform such acts as may be legal and proper to put these rules into effect.

[SEAL] OTIS B. JOHNSON, *Secretary.*

[F. R. Doc. 1—Filed, March 13, 1936; 10:56 a. m.]

SECURITIES AND EXCHANGE COMMISSION.

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 13th day of March 1936.

Commissioners: James M. Landis, Chairman; George C. Mathews, Robert E. Healy, J. D. Ross, William O. Douglas.

[File No. 31-11]

IN THE MATTER OF APPLICATION PURSUANT TO SECTION 3 (A) OF THE PUBLIC UTILITY HOLDING COMPANY ACT, BY THE CLEVELAND-CLIFFS IRON COMPANY; THE CLIFFS CORPORATION; WM. G. MATHER, CYRUS S. EATON, AND EDWARD B. GREENE, AS VOTING TRUSTEES; WM. G. MATHER, S. LIVINGSTON MATHER, AND G. G. WADE, AS VOTING TRUSTEES; WM. G. MATHER, INDIVIDUALLY; AND PURSUANT TO SECTION 2 (A) (8) OF SAID ACT BY THE CLIFFS CORPORATION

ORDER AUTHORIZING HEARING AND DESIGNATING OFFICER TO CONDUCT PROCEEDINGS

An application having been duly filed with this Commission, by The Cleveland-Cliffs Iron Company, by The Cliffs Corporation, by Wm. G. Mather, Cyrus S. Eaton, and Edward B. Greene, as Voting Trustees of certain shares of common stock of The Cleveland-Cliffs Iron Company, by Wm. G. Mather, S. Livingston Mather, and G. G. Wade, as Voting Trustees of certain shares of common stock of The Cliffs Corporation, and by Wm. G. Mather, individually, pursuant to Section 3 (a) of the Public Utility Holding Company Act of 1935, and by The Cliffs Corporation pursuant to Section 2 (a) (8) of said Act:

It is ordered, that the matter be set down for hearing on the 3rd day of April 1936, at ten o'clock in the forenoon of that day at Room 1101, Securities and Exchange Building, 1778 Pennsylvania Avenue NW, Washington, D. C.; and

It is further ordered that Charles S. Moore, an officer of the Commission, be, and he hereby is, designated to preside at such hearing, and authorized to adjourn said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered that any interested state, state commission, state securities commission, municipality, or other political subdivision of a state, or any representative of interested consumers or security holders, or any other person, desiring to be admitted as a party in this proceeding or to offer evidence in this matter, shall give notice of such intention to the Commission, such notice to be received by the Commission not later than March 30, 1936.

Upon the completion of the taking of testimony in this matter, the officer conducting said hearing is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 6—Filed, March 13, 1936; 1:08 p. m.]

[Release No. 521 (Class A)]

SECURITIES EXCHANGE ACT OF 1934

The Securities and Exchange Commission, deeming it necessary for the exercise of the functions vested in it and necessary and appropriate in the public interest and for the protection of investors so to do, pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly Sections 13 and 23 (a) thereof, hereby adopts the following rule:

RULE KA4. *Annual Reports by Issuers Registering Securities on Form 8-B.* (a) A registrant which registers securities on Form 8-B shall file an annual report pursuant to the provisions of Rules KA1 and KA2 for its predecessor, if only one, or, if there was a group of predecessors, for the parent company in such group, covering the last full fiscal year of such predecessor prior to the registrant's succession, if such year ended on or after December 31, 1935, and if such report is not filed by such predecessor. Such annual report shall contain the information that would have been required if it were being filed by such predecessor. A similar separate report shall also be filed for any predecessor which was a subsidiary in a group of predecessors and had securities registered.

(b) The first annual report, other than a report required by paragraph (a) of this rule, filed pursuant to Rule KA1 by a registrant having securities registered on Form 8-B shall include information regarding the single predecessor or parent predecessor referred to in paragraph (a) of this rule for the period from the close of the last fiscal year of such predecessor prior to the registrant's succession to the date of such succession, as if the registrant had been such predecessor during that period. Information shall likewise be included in such first annual report, in the same manner, regarding each predecessor which was a subsidiary in a group of predecessors and has securities registered.

The foregoing rule shall be effective March 12, 1936.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 7—Filed, March 13, 1936; 1:08 p. m.]