FDC date	State	City	Airport	FDC No.	SIAP
02/09/96	TN	Memphis	Memphis Intl	FDC 6/0926	ILS RWY 36L AMDT 11. . .
02/09/96	TX	Fort Worth	Fort Worth Meacham Intl	FDC 6/0929	ILS RWY 16L, AMDT 5. . .
02/10/96	WV	Lewisburg	Greenbrier Valley	FDC 6/0955	ILS RW 4 AMDT 7A. . .
02/12/96	TX	Fort Worth	Fort Worth Meacham Intl	FDC 6/0973	NDB or GPS RWY 16L, AMDT 3. . .
02/12/96	TX	Fort Worth	Fort Worth Meacham Intl	FDC 6/0974	NDB or GPS RWY 34R, AMDT 5. . .
02/13/96	MN	Brainerd	Brainerd-Crow Wing County Regional.	FDC 6/0999	ILS RWY 23 AMDT 4. . .
02/13/96	MN	Brainerd	Brainerd-Crow Wing County Regional.	FDC 6/1000	VOR/DME RWY 12 AMDT 8. . .
02/14/96	MN	Cambridge	Cambridge Muni	FDC 6/1009	NDB or GPS RWY 34 AMDT 6. . .
02/14/96	NE	Falls City	Brenner Field	FDC 6/1017	NDB or GPS–A, AMDT 3. . .
02/14/96	TX	Fort Worth	Fort Worth Meacham Intl	FDC 6/1023	LOC BC RWY 34R, AMDT 7. . .
02/15/96	CA	Lakeport	Lampson Field	FDC 6/1036	NDB or GPS–A ORIG–A. . .
02/20/96	CA	Victorville	Southern California Intl	FDC 6/1111	ILS RWY 17 ORIG. . .
02/22/96	AL	Courtland	Industrial Airpark	FDC 6/1134	VOR or GPS RWY 13 ORIG. . .
02/23/96	IL	Bloomington/Normal	Bloomington/Normal	FDC 6/1174	VOR/DME RWY 21 AMDT 2. . .
02/23/96	IL	Bloomington/Normal	Bloomington/Normal	FDC 6/1175	VOR RWY 21 AMDT 17. . .
02/23/96	IL	Bloomington/Normal	Bloomington/Normal	FDC 6/1177	ILS RWY 29 AMDT 8. . .
02/23/96	IL	Chicago (West Chicago)	Dupage	FDC 6/1170	VOR or GPS RWY 10 AMDT 11. . .
02/23/96	IL	Chicago (West Chicago)	Dupage	FDC 6/1171	ILS RWY 10 AMDT 7. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1185	RADAR 1 AMDT 9. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1188	VOR/DME or GPS RWY 32 AMDT 3. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1191	VOR/DME or GPS RWY 23 AMDT 9. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1194	VOR or GPS RWY 5 AMDT 12. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1197	NDB or GPS RWY 14 AMDT 15. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1198	ILS RWY 23 AMDT 8. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1199	ILS RWY 5 AMDT 5. . .
02/23/96	NC	Greensboro	Greensboro/Piedmont Triad Intl	FDC 6/1200	ILS RWY 14 AMDT 18. . .
02/23/96	STE	Joseph H. Bittorf Field	Whiteside County	FDC 6/1172	Ling Rockfalls, IL. NDB or GPS RWY 7 AMDT 4. . .
02/23/96	UT	Salt Lake City	Salt Lake City Intl	FDC 6/1205	ILS/DME RWY 34R AMDT 1. . .
02/26/96	IL	Alton/St Louis	St Louis Regional	FDC 6/1239	NDB or GPS RWY 17 AMDT 10. . .
02/26/96	IL	Bloomington/Normal	Bloomington/Normal	FDC 6/1249	VOR RWY 11 AMDT 12. . .
02/26/96	IL	Sterling Rockfalls	Whiteside County-Joseph H Bittorf Field.	FDC 6/1242	LOC BC RWY 7 AMDT 4. . .
02/26/96	NC	New Bern	Craven County Regional	FDC 6/1233	RADAR 1 AMDT 2. . .
02/26/96	NC	New Bern	Craven County Regional	FDC 6/1234	VOR or GPS RW 22 AMDT 1B. . .
02/26/96	NC	New Bern	Craven County Regional	FDC 6/1235	ILS RWY 4 ORIG. . .
02/26/96	NC	New Bern	Craven County Regional	FDC 6/1236	VOR or GPS RW 4 AMDT 3A. . .
02/28/96	ME	Portland	Portland Intl Jetport	FDC 6/1277	ILS/DME RW 29 ORIG. . .
02/29/96	MD	Baltimore	Baltimore-Washington Intl	FDC 6/1306	ILS/DME RWY 15L, AMDT 3. . .
02/29/96	NV	Winnemucca	Winnemucca Muni	FDC 6/1291	GPS RWY 14 ORIG. . .
03/01/96	MI	Holland	Tulip City	FDC 6/1338	VOR or GPS–A AMDT 10. . .
03/01/96	MI	Sparta	Sparta	FDC 6/1339	VOR or GPS–A AMDT 2A. . .
03/04/96	NJ	Woodbine	Woodbine Muni	FDC 6/1388	VOR–A ORIG. . .
03/04/96	SC	Greer	Greenville-Spartanburg	FDC 6/1394	ILS RWY 3 AMDT 20. . .
03/04/96	SC	Greer	Greenville-Spartanburg	FDC 6/1395	ILS RWY 3/CAT II/AMDT 20. . .

FR Doc. 96–6404 Filed 3–15–96; 8:45 am]

BILLING CODE 4910–13–M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 30

Foreign Commodity Options

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rule.

SUMMARY: The Commodity Futures Trading Commission (Commission or CFTC) has amended rule 30.3 to eliminate the requirement that the CFTC authorize the offer and sale of a particular foreign exchange-traded commodity option before it can be offered or sold in the United States. The amendment does not affect existing restrictions on transactions involving

stock index futures and foreign government debt.

EFFECTIVE DATE: March 18, 1996.

FOR FURTHER INFORMATION CONTACT: Jane C. Kang, Esq., or Robert H. Rosenfeld, Esq., Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581; telephone (202) 418–5435.

SUPPLEMENTARY INFORMATION:

Background

Commission rule 30.3(a) of the Commission's Part 30 rules governing the offer and sale of foreign futures and option transactions makes it unlawful for any person to engage in the domestic offer or sale of any foreign commodity option contract until the Commission, by order, authorizes the foreign option to be offered or sold in the United States.[1] A Commission order is not required with respect to foreign futures. However, an option on a foreign stock-index futures contract will not be approved unless, among other things, the Commission's Office of the General Counsel has issued a no-action letter authorizing the offer and sale in the United States of the underlying foreign stock-index futures contract. In addition, debt obligations of a foreign country must be designated as an exempted security by the SEC under its rule 3a12–8, 17 CFR 240.3a12–8, before a futures contract based on such debt obligation (or an option on such a futures contract) may be offered or sold to a U.S. person.[2]

On December 5, 1995, the Commission proposed to eliminate the specific authorization requirement of rule 30.3 and thereby permit, subject to existing prohibitions with respect to stock index futures and options and foreign government debt futures and options products, the offer and sale of foreign commodity options in the same manner as currently applies to the offer and sale of foreign futures.[3]

The Commission's proposal to modify rule 30.3(a) was based on its generally positive experiences with the initial regulations imposed on foreign options trading. The proposal reflects the Commission's assessment that the continued treatment of foreign commodity options differently from foreign futures (which do not require a specific authorization order) should be reevaluated.[4]

Summary of Comments

The Commission received twelve comments from six domestic and foreign futures exchanges (the Chicago Board of Trade (CBT), Chicago Mercantile Exchange (CME), the Tokyo Grain Exchange (TGE), the Tokyo International Financial Futures Exchange (TIFFE), Sydney Futures Exchange (SFE), and the Winnipeg Commodity Exchange (WCE)), the Futures Industry Association (FIA), the FIA Japan Chapter, National Futures Association (NFA), the American Bar Association's Section of Business Law (ABA Business Sec.), the Association of the Bar of the City of New York (Committee on Futures Regulation) (NY Bar), and a CFTC registered firm, Commodities Corporation (U.S.A.) N.V. (Commodities Corp.).

In general, all of the commenters either affirmatively supported the rule change or, in the case of the CBT and the CME, did not object. Those commenters affirmatively supporting the rule generally agreed with the rationale set forth in the Commission's proposal—that the differential treatment of foreign commodity options as opposed to foreign futures was based on historical factors which no longer exist; the implementation of regulations governing the offer and sale of foreign options has increased regulatory protections; and that continuation of such differential treatment is no longer warranted.[5] Many commenters also noted that the amendment would likely result in an increase in the number of option instruments available to U.S. traders thereby giving them a greater choice of risk-shifting instruments. One commenter, Commodities Corp. (a registered commodity pool operator and commodity trading advisor), noted that the trading of foreign commodity options has significantly benefited clients through enhanced portfolio diversification and by enabling them to participate in additional market opportunities. Commodities Corp. urged the Commission similarly to widen access to other foreign products by eliminating the necessity for a Commission staff no-action letter before a foreign exchange-traded stock index futures contract can be offered or sold in the United States.[6]

U.S. Contract Market Concerns

In its proposal, the Commission invited comment, in particular from the contract markets, to indicate any other areas in which the requirements for options and futures generally could be further harmonized.

In general, the CBT's and CME's specific suggestions fall into two broad categories: (1) those which raise issues which the Commission believes either have been addressed or could be addressed by current matters before the Commission and (2) those which raise more complicated statutory issues surrounding the requirements imposed on contract markets and product authorization.[7]

In the first category were suggestions to:

—Delete the requirement in rule 33.4(b) that an FCM give notice to its designated self-regulatory organization (DSRO) of any disciplinary action taken against the FCM or its associated persons (APs) by the Commission or another self-regulatory organization (SRO);

—Consolidate the options disclosure required by rule 33.7(b) into rule 1.55(b); and

—Delete the requirement in 33.4(a)(2) that FCMs collect the full option premium.

In response, the Commission notes that it recently adopted a final rule amending rule 33.4(b) to eliminate the notice requirement referred to above (*see* 61 FR 2719 (January 29, 1996), and that the generic risk disclosure statement adopted by the Commission as an *alternative* to separate risk disclosure in rules 33.7 and 1.55 already reflects a consolidation of those disclosure statements.[8] The Commission has not to date advanced U.S. exchanges long-standing request to delete the

[1] The Commission previously made clear that subject to certain conditions applicable to transactions involving stock indexes and foreign government debt, a rule 30.3 order would not be necessary for transactions effected by U.S. futures commission merchants (FCM) on behalf of foreign customers. *See* 57 FR 36369 (August 13, 1992).

[2] Consistent with section 2(a)(1)(B) of the Commodity Exchange Act (CEA), this proposed rulemaking would not affect existing restrictions applicable to transactions involving stock index futures or foreign government debt. Accordingly, commodity options based on or involving a foreign futures contract based on a foreign stock index may not be offered or sold to U.S. persons unless the foreign stock index futures contract has been the subject of a no-action letter issued by the Commission's Office of the General Counsel. Further, commodity options based on a foreign government debt could not be offered or sold to U.S. persons unless the underlying debt instrument has been designated as an exempted security under SEC rule 3a12–8.

[3] 60 FR 63472 (December 11, 1995).

[4] *See* 60 FR 63472–63474 (December 11, 1995), for a history of commodity option regulation by the Commission.

[5] In this regard, the FIA noted that the Commission's generic risk disclosure statement does not draw any distinction between the risks of foreign futures and foreign commodity options.

[6] Commodities Corp. suggested that expedited procedures be considered at least with respect to ''sophisticated'' clients.

[7] In this regard, the CBT stated that it viewed the proposal as ''confirmation that the Commission exempts foreign boards of trade and, in other contexts, over-the-counter markets, from many of the very regulations it continues to impose on domestic markets.''

[8] FCMs may elect whether to provide the generic statement or individual rules 1.55 and 33.7 statements.

requirement in rule 33.4(a)(2) that FCMs collect the full option premium.[9] However, it has indicated that such a proposal could be entertained with respect to the section 4(c) exemption authority granted with the adoption of Part 36 of the Commission's regulations. At the same time, the Commission has permitted certain foreign exchange-traded commodity options to be offered with margining of the premium, and the Commission has not been informed of any concerns associated with that feature.[10] In this connection, the Commission notes that the proposed linkage arrangement between the U.S. CBT and U.K. LIFFE may provide the Commission an opportunity to review the feasibility of implementing a program to permit the futures-style margining of the option premium on a U.S. contract in a limited context.[11] In particular, the product fungibility requirements of the proposed linkage may necessitate that the Commission address permitting CBT options to trade on the same basis as LIFFE options (which permit margining of the premium).

The second category of suggestions included the following:

—The ability of foreign products to trade in the United States immediately as compared to the delay that is involved with the designation process for contract market products [the CBT urged the Commission to focus on the disparate treatment between foreign and domestic products];

—The need for domestic U.S. requirements such as speculative position limits since foreign products may not be subject to similar limitations by their home regulatory scheme;

—Differences in the quality of audit trail; and

—A suggestion that the Commission amend rule 1.35(a–1) to eliminate what one exchange characterized as the ''additional and burdensome'' time-stamp requirement for option orders,'' a requirement which currently does not exist for futures orders.

In this regard, the Commission reiterates the commitment set forth in the 1994 *CFTC Competitiveness Study* to keeping its regulatory programs under continuous review to assure that, consistent with its responsibilities for market integrity and customer protection, they keep pace with changes in the marketplace and do not unnecessarily impede domestic exchanges from evolving to remain competitive, especially with regard to the cost of compliance relative to non-U.S. exchanges.[12]

The Commission recognizes, however, that its review of its regulations cannot proceed purely on the basis of cost equivalency. While differences of opinion may exist regarding the implementation of specific regulatory requirements, ultimately the overriding scheme pursuant to which U.S. contract markets operate and the level of market integrity that must be maintained is established by Congress in the CEA. Thus, speculative position limits exist because of section 4a of the CEA and are based on the historic concern expressed in the CEA with avoiding ''excessive'' speculation that could cause ''sudden or unreasonable fluctuations'' in commodity prices. The Commission believes that it has been responsive to the economic realities of contemporary markets and exchange competitive concerns by, for example, permitting U.S. exchanges to replace their speculative position limit rules with more flexible position accountability rules for eligible non-agricultural contracts. Nonetheless, the fundamental requirement to have such limits or their equivalent has been established by Congress.

Similarly, the designation process and audit trail requirements are statutory. *See* section 5a of the CEA. While the basis for any particular Commission rule is a subject for legitimate comment and analysis—and the Commission believes that its record reflects a responsiveness to such comment—ultimately the underlying requirement is established by Congress. The Commission wishes to note, in this regard, that it continues to review the appropriateness of all of its programs under current circumstances.

Finally, notwithstanding differences in regulation, the Commission notes that most countries with internationally active futures exchanges appear to share certain common regulatory concerns which result in comparable regulation, such as position limits and market surveillance programs, relative to futures trading in their respective jurisdictions. While the content and complexity of these regulatory systems differ, such differences often reflect the particular maturity and market experiences of the market and regulator.[13]

Adequacy of Sales Practice Compliance Audits

In its proposal, the Commission stated that prior to adopting any final rules it would need to be assured that arrangements exist through NFA or otherwise to ensure that sales practice compliance audits of registrants offering foreign commodity options will be undertaken, thereby ensuring complete sales practice compliance audit coverage of firms (which heretofore has been mandated on a product-specific basis under rule 30.3 orders). Consistent with the description of NFA sales practice audit procedures described in the notice of proposed rulemaking,[14] NFA has confirmed that its audit program already includes steps for determining whether an NFA member FCM or introducing broker (IB) solicits or executes commodity option transactions on any foreign exchange.[15] If NFA determines that the firm does engage in such foreign transactions, NFA includes a reasonable number of those transactions in its audit sample and tests those transactions for compliance with applicable sales practice rules. NFA has confirmed that the audit steps cover all authorized commodity options traded on foreign exchanges and will continue to do so when the authorization is expanded to include all foreign exchange-traded commodity options.[16]

NFA also has confirmed that it has entered into an agreement with certain other self-regulatory organizations (joint contractor self-regulatory organizations (SROs)) whereby the joint contractor SROs audit the sales practices of joint FCM members and their guaranteed IBs. The audit steps used by the joint contractor SROs under the agreement sample and test foreign option transactions in a manner similar to that used by NFA.

Similarly, as previously noted in its notice of proposed rulemaking, the Commission's rule 30.10 orders permitting foreign firms to directly solicit U.S. persons for foreign products

[9] While U.S. exchanges had petitioned for the ability to designate option contracts having margining of the premium, a proposal published in 1989 was never finalized. *See* 51 FR 11233 (March 17, 1989).

[10] *See, e.g.,* CFTC Advisory No. 90–1 [1987–1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,597 (disclosure statement relating to the deferred payment of option premiums for certain foreign exchange-traded options, superseding separate disclosure addenda required by orders concerning the London International Financial Futures Exchange (LIFFE) (54 FR 37636 (September 12, 1989)), the International Petroleum Exchange (54 FR 50356 (December 6, 1989)), and the London Futures and Options Exchange (renamed as the London Commodity Exchange) (54 FR 50348 (December 6, 1989)); and 55 FR 14238 (April 17, 1990) (Sydney Futures Exchange).

[11] *See* CBT letter dated July 28, 1995 to Jean A. Webb, Secretary to the Commission (rule 1.41(b) submission).

[12] *A Study of the Global Competitiveness of U.S. Futures Markets*, CFTC (April 1994) (''CFTC Competitiveness Study''), p.2.

[13] *See* CFTC Competitiveness Study, pp. 31–71.

[14] 60 FR 63472,63474 (December 11, 1995).

[15] Letter dated January 16, 1996 from Daniel A. Driscoll, Vice-President-Compliance, National Futures Association to Jean A. Webb, Secretariat of the Commission.

[16] Id.

address options and futures sales practice concerns.[17]

Availability of Arbitration

NFA also confirmed that NFA arbitration is available to U.S. customers who enter into foreign exchange-traded commodity option transactions and that NFA Member or Associate participation in claims filed by customers is mandatory.[18] Similarly, U.S. customers solicited by foreign firms under rule 30.10 will, pursuant to the express terms of such orders, continue to have access to arbitration procedures both abroad and through NFA.[19]

Revision Will Not Affect Existing Restrictions Related to Options Involving Stock Index Products and Foreign Government Debt

The Commission reiterates that the elimination of the specific authorization requirement in rule 30.3(a) will not affect the existing product restrictions applicable to options on futures contracts based on stock index products (*i.e.*, the underlying stock index futures must be the subject of a no-action letter issued by the CFTC's Office of the General Counsel) and foreign government debt (*i.e.*, the debt product must be designated by the SEC as an exempted security under SEC rule 3a12–8) contained in section 2(a)(1)(B)(v) of the CEA.[20]

Continued Monitoring by Commission; Availability of Transaction Data Assumed

The Commission notes that elimination of the specific authorization requirement will not affect the existing regulatory requirements applicable to the manner in which appropriate products may be offered or sold to U.S. persons, *e.g.*, registration of intermediaries,[21] requirements related to sales practices (including appropriate disclosures), prohibitions on fraudulent activities and the availability to the Commission of books and records.

The Commission reiterates that FCMs which are not members of foreign exchanges should assure themselves that there are no statutory or regulatory impediments on their ability to obtain information from foreign exchange-member firms necessary to enable such FCMs to comply with the CEA and regulations thereunder relative to confirming the execution of foreign option transactions. In this connection, the Commission believes that the level of ''adequate supervision'' intended by rule 166.3[22] would require that firms be able to document to the Commission all material trade-specific data.

The Commission will continue to monitor the situation and take appropriate action should it determine that U.S. investors, U.S. FCMs or the Commission, are not able to obtain appropriate information related to the commodity option transactions of a specific exchange or are otherwise being adversely affected by the rule change.

Conclusion

Based on the comments received and the rationale set forth in its proposal, the Commission concludes that the elimination of the specific authorization requirement for foreign exchange-traded commodity options[23] is warranted and is amending rule 30.3 accordingly.

Other Matters

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601 *et seq.*, requires that agencies, in proposing rules, consider the impact of those rules on small businesses. The Commission has previously determined that FCMs should be excluded from the definition of ''small entity'' based upon the fiduciary nature of the FCM/customer relationships as well as the fact that FCMs must meet minimum financial requirements. 47 FR 18618, 18619 (April 30, 1982). The Commission similarly determined that commodity pool operators (CPOs) are not small entities for purposes of the RFA. 47 FR 18618, 18620 (April 30, 1982). With respect to commodity trading advisors (CTAs) and IBs, the Commission has stated that it would evaluate within the context of a particular rule proposal whether all or some affected CTAs would be considered to be small entities and, if so, the economic impact on them of any rule. 47 FR 18618, 18620 (April 30, 1982) (CTAs); 48 FR 35248, 35276 (August 3, 1983) (IBs).

The amendment of rule 30.3 is intended to facilitate the ability of Commission registrants or exempted firms to provide customers with access to desired products by eliminating a current product-by-product authorization requirement, thus providing easier access to a greater number of persons.

Accordingly, the Acting Chairman, on behalf of the Commission, hereby certifies, pursuant to 5 U.S.C. 605(b), that the revised rule will not have a significant economic impact on a substantial number of small entities.

Paperwork Reduction Act

The Paperwork Reduction Act of 1980 (Act), 44 U.S.C. 3501 *et seq.*, imposes certain requirements on federal agencies (including the Commission) in connection with their conducting or sponsoring any collection of information as defined by the Act. The Commission has determined that the amendment of rule 30.3 does not have any paperwork burden. Copies of the information collection submission to the Office of Management and Budget are available from Joe Mink, CFTC Clearance Officer, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581; telephone (202) 418–5170.

List of Subjects in 17 CFR Part 30

Foreign futures and options; Futures commission merchants; Introducing

[17] *See* 60 FR 63472, 63474 (December 11, 1995).

[18] NFA noted that if a claim is brought by a customer against an NFA Member or Associate, NFA will hear the claim under the Code of Arbitration and the Member or Associate's participation in the arbitration process is mandatory. If a claim is brought by a customer against a foreign party who is not an NFA Member or Associate, the claim can be heard under NFA's Rules Governing Arbitration of Disputes Involving Foreign Parties if the parties agree (unless the claim arises primarily out of delivery, clearance, settlement or floor practices of a foreign exchange and a similar dispute-resolution forum is available in the foreign jurisdiction).

[19] *See* 60 FR 63472, 63475 (December 11, 1996).

[20] Among the commodity option contracts to which this relief would apply are option contracts on foreign currencies that are traded on a foreign board of trade.

[21] Foreign futures and foreign commodity options may be offered by foreign firms operating under confirmed rule 30.10 relief consistent with the scope of the relevant rule 30.10 order and subject to existing product restrictions.

[22] Commission rule 166.3, 17 CFR 166.3, requires that:

Each Commission registrant, except an associated person who has no supervisory duties, must diligently supervise the handling by its partners, officers, employees and agents (or persons occupying a similar status or performing a similar function) of all commodity interest accounts carried, operated, advised or introduced by the registrant and all other activities of its partners, officers, employees and agents (or other persons occupying a similar status or performing a similar function) relating to its business as a Commission registrant.

[23] Rule 30.3 addresses ''foreign futures'' and ''foreign options'' which are defined in rule 30.1. by reference to transactions that are ''made or to be made on or subject to the rules of any foreign board of trade.'' Thus, rule 30.3 does not independently authorize the offer and sale in the U.S. of futures and options which are not executed *on or subject to* the rules of a foreign board of trade. However, the trade option exemption of Commission rule 32.4(a) would continue to apply to foreign commodity options. *See, e.g.*, 60 FR 30462, n.4 (June 9, 1995).

The Commission also has previously noted that it recognizes that differences may exist between the practices of foreign boards of trade and their U.S. counterparts and that the definition should be interpreted as broadly as possible to effectuate the intent of Congress. In this connection, to the extent questions arise as to whether a particular transaction occurs subject to the rules of a foreign board of trade, the Commission encourages affected persons to request staff interpretations. *See* 52 FR 28980, 28987 (August 5, 1987).

brokers; Commodity trading advisors; Commodity pool operators.

In consideration of the foregoing, and pursuant to the authority contained in the Commodity Exchange Act and, in particular, sections 2(a)(1)(A), 4, 4c and 8a of the Commodity Exchange Act, 7 U.S.C. 2, 6, 6c and 12a, the Commission hereby amends part 30 of chapter I of title 17 of the Code of Federal Regulations as follows:

PART 30—FOREIGN FUTURES AND FOREIGN OPTIONS TRANSACTIONS

1. The authority citation for Part 30 continues to read as follows:

Authority: Secs. 2(a)(1)(A), 4, 4c and 8a of the Commodity Exchange Act, 7 U.S.C. 2, 6, 6c and 12a.

2. Section 30.3 is amended by revising paragraph (a) to read as follows:

§ 30.3 Prohibited Transactions.

(a) It shall be unlawful for any person to engage in the offer and sale of any foreign futures contract or foreign options transaction for or on behalf of a foreign futures or foreign options customer, except in accordance with the provisions of this part: Provided, that, with the exception of the disclosure and antifraud provisions set forth in §§ 30.6 and 30.9 of this part, the provisions of this part shall not apply to transactions executed on a foreign board of trade, and carried for or on behalf of a customer at a designated contract market, subject to an agreement with and rules of a contract market which permit positions in a commodity interest which have been established on one market to be liquidated on another market.

* * * * *

Issued in Washington, DC on March 12, 1996 by the Commission.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 96–6387 Filed 3–15–96; 8:45 am]

BILLING CODE 6351–01–P

DEPARTMENT OF THE TREASURY

Bureau of Engraving and Printing

31 CFR Part 601

[T.D. BEP–41]

Distinctive Paper for United States Currency and Other Securities

AGENCY: Bureau of Engraving and Printing (BEP), Treasury.

ACTION: Treasury decision, final rule.

SUMMARY: The Bureau of Engraving and Printing is amending the provisions of Distinctive Paper for United States Currency and Other Securities regulations, to reflect the adoption of a new distinctive paper adopted for use by the Secretary of the Treasury to deter counterfeiting.

EFFECTIVE DATE: March 18, 1996.

FOR FURTHER INFORMATION CONTACT: Rodolfo Roberts, Office of Management Services, Bureau of Engraving and Printing, Room 321–9A, 14th and C Streets, SW., Washington, DC 20228, (202) 874–3551.

SUPPLEMENTARY INFORMATION: 80 Stat. 379, 106 Stat. 4070, 96 Stat. 880; (5 U.S.C. 301, 18 U.S.C. 474A and 31 U.S.C. 321, respectively); give the Secretary of the Treasury the authority of law to adopt a new distinctive paper for use in printing United States currency and other interest-bearing securities of the United States.

The changes:

(1) Amend section 601.1 to reflect the existence of three kinds (threaded, non-threaded and threaded/watermark-bearing) of distinctive papers for printing United States currency and interest-bearing securities of the United States.

(2) Amend section 601.2 to reflect a description of the new watermark-bearing distinctive paper.

(3) Amend section 601.3 to indicate that the distinctive paper currently in use will continue to be used.

(4) Amend section 601.4 to provide that any of the three distinctive papers may be used for printing interest-bearing securities of the United States.

(5) Section 601.5 remains the same.

Executive Order 12866

Because this rule relates to agency organization and management, it is not subject to E.O. 12866 pursuant to section 3(d)(3) thereof.

Administrative Procedures Act

Because this Treasury decision relates to agency management and is procedural in nature, notice and public procedure and a delayed effective date are inapplicable pursuant to 5 U.S.C. 553(a)(2).

Regulatory Flexibility Act

Because no notice of proposed rulemaking is required for this final rule, the provisions of the Regulatory Flexibility Act do not apply.

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1980, Pub. L. 96–511, 44 U.S.C. chapter 35, and its implementing regulations, 5 CFR part 1320, do not apply to this rule because no requirement to collect information is contemplated.

Drafting Information: The principal author of this document is Rodolfo Roberts, Office of Management Services, Bureau of Engraving and Printing.

List of Subjects in 31 CFR Part 601

Currency, Securities, Printing.

Authority and Issuance

31 CFR part 601 is revised to read as follows:

PART 601—DISTINCTIVE PAPER FOR UNITED STATES CURRENCY AND OTHER SECURITIES

Sec.
601.1 Notice to the public.
601.2 Description of paper.
601.3 Use of paper.
601.4 Use of paper; interest-bearing securities of the United States.
601.5 Penalty for unauthorized control or possession.

Authority: 5 U.S.C. 301; 12 U.S.C. 418; 18 U.S.C. 474A.

§ 601.1 Notice to the Public.

The Secretary of the Treasury, by authority of law, has adopted a new distinctive paper for use in printing United States currency in addition to the existing distinctive papers for use in printing United States currency and other securities.

§ 601.2 Description of paper.

The paper utilized in the printing of United States currency and public debt issues is cream-white bank note paper which must contain security features prescribed by the Secretary of the Treasury. All currency paper shall contain distinctive fibers, colored red and blue, incorporated in the body of the paper while in the process of manufacture and evenly distributed throughout. In addition to distinctive red and blue fibers, currency paper shall contain, for denominations prescribed by the Secretary of the Treasury, security threads embedded beneath the surface of the paper during the manufacturing process. Security threads shall contain graphics consisting of the designation ''USA'' and the denomination of the currency, expressed in alphabetic or numeric characters. In addition to the security thread, for the denominations prescribed by the Secretary of the Treasury, the paper will bear a watermark identical to the portrait to be printed on the paper.

§ 601.3 Use of paper.

The new distinctive paper shall be used for printing Federal Reserve Notes of the denominations prescribed by the