

Commodity Futures Trading Commission

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(2) For unfilled anticipated requirements:

(i) Annual requirements of such commodity for processing or manufacturing or feeding for the three complete fiscal years preceding the current fiscal year;

(ii) Anticipated requirements of such commodity for processing or manufacturing or feeding for a specified operating period not in excess of one year;

(iii) Inventory and fixed-price forward purchases of such commodity, including any quantity in process of manufacture and finished goods and byproducts of manufacture or processing (in terms of such commodity);

(iv) Unfilled anticipated requirements of such commodity for processing or manufacturing or feedings for a specified operating period not in excess of one year.

(3) Additional information: Persons hedging unsold anticipated production or unfilled anticipated requirements which are not the same quantity or are not the same commodity as the commodity to be sold or purchased for future delivery shall furnish this information both in terms of the actual commodity produced or used and in terms of the commodity to be sold or purchased for future delivery. In addition, such persons shall explain the method for determining the ratio of conversion between the amount of the actual unsold anticipated production or unfilled anticipated requirements and the amount of commodity to be sold or purchased for future delivery. Persons hedging unfilled annual feeding requirements for livestock and poultry shall provide the number of cattle, hogs, sheep, or poultry expected to be fed during the specified period, not to exceed one year, and the derivation of their annual requirements based upon these numbers. Persons filing as an agent shall furnish this information on the basis of the fiscal or operating year of the person on whose behalf the filing is made.

(c) *Supplemental reports.* Whenever the sales or purchases which a person wishes to consider as bona fide hedging of unsold anticipated production or unfilled anticipated requirements shall exceed the amounts described by the figures for requirements furnished in

the most recent filing pursuant to this section or the amounts determined by the Commission to constitute unsold anticipated production or unfilled anticipated requirements pursuant to paragraph (a) of this section, such person shall file with the Commission a statement which updates the information provided in the person's most recent filing and supplies the reason for this change at least ten days in advance of the date that person wishes to exceed these amounts.

(d) *Maximum sales and purchases.* Sales or purchases for future delivery considered as bona fide hedges pursuant to § 1.3(z)(2) (i)(B) or (ii)(C) shall at no time exceed the lesser of:

(1) A person's unsold anticipated production of unfilled anticipated requirements as described by the information most recently filed pursuant to this section or determined by the Commission pursuant to paragraph (a) of this section; or

(2) A person's actual unsold anticipated production or current unfilled anticipated requirements for the length of time specified in the information most recently filed pursuant to this section.

(e) *Updated reports.* Reports updating the information required pursuant to this section shall also be filed with the Commission upon specific request.

(Approved by the Office of Management and Budget under control number 3038-0013)

[42 FR 42752, Aug. 8, 1977, as amended at 46 FR 63035, Dec. 30, 1981]

§ 1.50 Demonstration of continued compliance with the requirements for contract market designation.

(a) With respect to each commodity or commodity option for which it has been designated as a contract market, each contract market shall file with the Commission within 60 days of a Commission request, or within such longer period as the Commission may specify in the request, a written report containing such supporting data, and other information and documents as the Commission may specify, that demonstrates that such contract market is complying with the conditions and requirements of sections 5 and 5a(a) of the Act and these regulations. At the discretion of the Commission,

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the information requested may be limited to certain conditions and requirements of sections 5 and 5a(a) of the Act and these regulations.

(b) Any failure by a contract market to continue to comply with the conditions and requirements for designation as a contract market as set forth in sections 5 and 5a(a) of the Act or these regulations, and any failure or refusal to file the information required by this section shall be cause for action by the Commission under the Act or these regulations.

(c) Upon showing of good cause by a contract market, the Commission may extend for a reasonable time the filing date for any report under this section.

(Approved by the Office of Management and Budget under control numbers 3038–0007 and 3038–0016)

[46 FR 54525, Nov. 3, 1981, as amended at 46 FR 63035, Dec. 30, 1981; 59 FR 5526, Feb. 7, 1994]

§ 1.51 Contract market program for enforcement.

(a) Each contract market shall use due diligence in maintaining a continuing affirmative action program to secure compliance with the provisions of sections 5, 5a(a), 5b, 6(b), 6b, 8a(7), 8a(9) and 8c of the Act, with the regulations implementing section 4c(c) of the Act, and with all of the contract market's bylaws, rules, regulations and resolutions which such contract market is required by the Act or these regulations to enforce. Such program shall include:

(1) Surveillance of market activity for indications of possible congestion or other market situations conducive to possible price distortion;

(2) Surveillance of trading practices on the floor of such contract market;

(3) Examination of the books and records kept by contract market members relating to their business of dealing in commodity futures, commodity options, and cash commodities, insofar as such business relates to their dealing on such contract market;

(4) Investigation of complaints received from customers or option customers concerning the handling of their accounts or orders;

(5) Investigation of all other alleged or apparent violation of such bylaws, rules, regulations and resolutions;

(6) Such other surveillance, record examination and investigation as is necessary to enforce such bylaws, rules, regulations and resolutions; and

(7) A procedure which results in the taking of prompt, effective disciplinary action for any violation which is found to have been committed.

(b) Each contract market shall keep full, complete, and systematic records which will clearly set forth all action taken as a part of, and as a result of, its program required under paragraph (a) of this section.

(Approved by the Office of Management and Budget under control numbers 3038–0007 and 3038–0022)

(Sec. 5a, 49 Stat. 1497; 7 U.S.C. 7a)

[41 FR 3194, Jan. 21, 1976, as amended at 46 FR 54525, Nov. 3, 1981; 46 FR 63035, Dec. 30, 1981; 59 FR 5526, Feb. 7, 1994]

§ 1.52 Self-regulatory organization adoption and surveillance of minimum financial requirements.

(a) Each self-regulatory organization must adopt, and submit for Commission approval, rules prescribing minimum financial and related reporting requirements for all its members who are registered futures commission merchants. Each self-regulatory organization other than a contract market must adopt, and submit for Commission approval, rules prescribing minimum financial and related reporting requirements for all its members who are registered introducing brokers. Each contract market which elects to have a category of membership for introducing brokers must adopt, and submit for Commission approval, rules prescribing minimum financial and related reporting requirements for all its members who are registered introducing brokers. Each self-regulatory organization shall submit for Commission approval any modification or other amendments to such rules. Such requirements must be the same as, or more stringent than, those contained in §§ 1.10 and 1.17 and the definition of adjusted net capital must be the same as that prescribed in § 1.17(c): *Provided, however,* A designated self-regulatory organization may permit its member