occurs in flight. If there is a cap/valve at the flush/fill line port, the cap/valve must be removed/open during the test. Check for leakage at the flush/fill line port for a period of 5 minutes.

(9) As a result of the leak tests and inspections required by paragraph (a) of this AD, or if evidence of leakage is found at any other time, accomplish the requirements of paragraph (a)(9)(i), (a)(9)(ii), or (a)(9)(iii), as applicable.

(i) If a leak is discovered, prior to further flight, repair the leak. Prior to further flight after repair, perform the appropriate leak test, as applicable. Additionally, prior to returning the airplane to service, clean the surfaces adjacent to where the leakage occurred to clear them of any horizontal fluid residue streaks; such cleaning must be to the extent that any future appearance of a horizontal fluid residue streak will be taken to mean that the system is leaking again.

Note 3: For purposes of this AD, ''leakage'' is defined as any visible leakage, if observed during a leak test. At any other time (than during a leak test), ''leakage'' is defined as the presence of ice in the service panel, or horizontal fluid residue streaks/ice trails originating at the service panel. The fluid residue is usually, but not necessarily, blue in color.

(ii) If any worn or damaged seal is found, or if any damaged seal mating surface is found, prior to further flight, repair or replace it in accordance with the valve manufacturer's maintenance manual.

(iii) In lieu of performing the requirements of paragraph (a)(9)(i) or (a)(9)(ii): Prior to further fight, drain the affected lavatory system and placard the lavatory inoperative until repairs can be accomplished.

(b) For all airplanes: Unless accomplished previously, within 5,000 flight hours after the effective date of this AD, perform the actions specified in paragraph (b)(1) or (b)(2) of this AD:

(1) Install an FAA-approved lever/lock cap on the flush/fill lines for all lavatories. Or

(2) Install a flush/fill ball valve Kaiser Electroprecision part number series 0062–0009 on the flush/fill lines for all lavatories.

(c) For any affected airplane acquired after the effective date of this AD: Before any operator places into service any airplane subject to the requirements of this AD, a schedule for the accomplishment of the leak tests required by this AD shall be established in accordance with either paragraph (c)(1) or (c)(2) of this AD, as applicable. After each leak test has been performed once, each subsequent leak test must be performed in accordance with the new operator's schedule, in accordance with paragraph (a) of this AD.

(1) For airplanes that have been maintained previously in accordance with this AD, the first leak test to be performed by the new operator must be accomplished in accordance with the previous operator's schedule or with the new operator's schedule, whichever results in the earlier accomplishment date for that leak test.

(2) For airplanes that have not been maintained previously in accordance with this AD, the first leak test to be performed by the new operator must be accomplished prior to further flight, or in accordance with a schedule approved by the FAA Prinicipal Maintenance Inspector (PMI), but within a period not to exceed 200 flight hours.

(d) Alternative method(s) of compliance with this AD: An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Seattle ACO. Operators shall submit their requests through an appropriate FAA PMI, who may add comments and then send it to the Manager, Seattle ACO.

Note 4: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Seattle ACO.

(e) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Issued in Renton, Washington, on June 8, 1998.

John J. Hickey,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 98–15783 Filed 6–12–98; 8:45 am]

BILLING CODE 4910–13–U

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 240

[Release No. 34–40077, International Series Release No. 1139, File No. S7–15–98]

RIN 3235–AH46

Exemption of the Securities of the Kingdom of Belgium Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Commission proposes for comment an amendment to Rule 3a12–8 (''Rule'') that would designate debt obligations issued by the Kingdom of Belgium (''Belgium'') as ''exempted securities'' for the purpose of marketing and trading of futures contracts on those securities in the United States. The amendment is intended to permit futures trading on the sovereign debt of Belgium.

DATES: Comments should be submitted by July 15, 1998.

ADDRESSES: All comments should be submitted in triplicate and addressed to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comments should refer to File No. S7–15–98; this file number should be included on the subject line if e-mail is used. Comment letters will be available for public inspection and copying at the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549. Electronically submitted comment letters will also be posted on the Commission's Internet web site (http://www.sec.gov).

FOR FURTHER INFORMATION CONTACT: Joshua Kans, Attorney, Office of Market Supervision (''OMS''), Division of Market Regulation (''Division''), Securities and Exchange Commission (Mail Stop 10–1), 450 Fifth Street, NW., Washington, DC 20549, at 202/942–0079.

SUPPLEMENTARY INFORMATION:

I. Introduction

Under the Commodity Exchange Act (''CEA''), it is unlawful to trade a futures contract on any individual security unless the security in question is an exempted security (other than a municipal security) under the Securities Act of 1933 (''Securities Act'') or the Securities Exchange Act of 1934 (''Exchange Act''). Debt obligations of foreign governments are not exempted securities under either of these statutes. The Securities and Exchange Commission (''SEC'' or ''Commission''), however, has adopted Rule 3a12–8 (17 CFR 240.3a12–8) (''Rule'') under the Exchange Act to designate debt obligations issued by certain foreign governments as exempted securities under the Exchange Act solely for the purpose of marketing and trading futures contracts on those securities in the United States. As amended, the foreign governments currently designated in the Rule are Great Britain, Canada, Japan, Australia, France, New Zealand, Austria, Denmark, Finland, the Netherlands, Switzerland, Germany, the Republic of Ireland, Italy, Spain, Mexico, Brazil, Argentina, and Venezuela (the ''Designated Foreign Governments''). As a result, futures contracts on the debt obligations of these countries may be sold in the United States, as long as the other terms of the Rule are satisfied.

The Commission today is soliciting comments on a proposal to amend Rule 3a12–8 to add the debt obligations of the Kingdom of Belgium (''Belgium'') to the list of Designated Foreign Governments whose debt obligations are exempted by Rule 3a12–8. To qualify for the exemption, futures contracts on the debt obligations of Belgium would have to

meet all the other existing requirements of the Rule.

II. Background

Rule 3a12–8 was adopted in 1984 [1] pursuant to the exemptive authority in Section 3(a)(12) of the Exchange Act in order to provide a limited exception from the CEA's prohibition on futures overlying individual securities.[2] As originally adopted, the Rule provided that the debt obligations of Great Britain and Canada would be deemed to be exempted securities, solely for the purpose of permitting the offer, sale, and confirmation of ''qualifying foreign futures contracts'' on such securities. The securities in question were not eligible for the exemption if they were registered under the Securities Act or were the subject of any American depositary receipt so registered. A futures contract on the covered debt obligation under the Rule is deemed to be a ''qualifying foreign futures contract'' if the contract is deliverable outside the United States and is traded on a board of trade.[3]

The conditions imposed by the Rule were intended to facilitate the trading of futures contracts on foreign government securities in the United States while requiring offerings of foreign government securities to comply with the federal securities laws. Accordingly, the conditions set forth in the Rule were designed to ensure that, absent registration, a domestic market in unregistered foreign government securities would not develop, and that markets for futures on these instruments would not be used to avoid the securities law registration requirements. In particular, the Rule was intended to ensure that futures on exempted sovereign debt did not operate as a surrogate means of trading the unregistered debt.

Subsequently, the Commission amended the Rule to include the debt securities issued by Japan, Australia, France, New Zealand, Austria, Denmark, Finland, the Netherlands, Switzerland, Germany, Ireland, Italy, Spain, Mexico and, most recently, Brazil, Argentina, and Venezuela.[4]

III. Discussion

Belfox c.v./s.c. (''Belfox''), the Belgian company recognized as the institution to organize and administer the Belgian Futures and Options Exchange (''BELFOX''), has proposed that the Commission amend Rule 3a12–8 to include the sovereign debt of Belgium.[5] BELFOX currently lists two futures contracts [6] overlying Belgian public debt securities, and wishes to market and make trading of those products available to U.S. investors.

Under the proposed amendment, the existing conditions set forth in the Rule (*i.e.*, that the underlying securities not be registered in the United States, the futures contracts require delivery outside the United States, and the contracts be traded on a board of trade) would continue to apply. Belfox has represented that (1) the securities underlying the futures contracts listed on BELFOX are not registered in the United States; (2) the two futures contracts overlying Belgian public debt securities which BELFOX intends to market to U.S. investors are listed exclusively on BELFOX, located in Brussels, Belgium; and (3) when the BELFOX listed futures contracts expire, the underlying securities are delivered against payment through the clearing system of the National Bank of Belgium.[7]

In the most recent determinations to amend the Rule adding Mexico, Brazil, Argentina, and Venezuela, the Commission considered primarily whether an active and liquid secondary trading market existed for the particular sovereign debt of these countries.[8] Prior to the addition of those countries to the Rule, the Commission considered principally whether the particular sovereign debt had been rated in one of the two highest rating categories [9] by at least two nationally recognized statistical rating organizations (''NRSROs'').[10] The Commission will continue to consider the existence of a high credit rating in its evaluation of an application to amend the Rule, because the Commission believes that a high debt rating provides indirect evidence of

[1] *See* Securities Act Release No. 20708 (''Original Adopting Release'') (March 2, 1984), 49 FR 8595 (March 8, 1984); Securities Exchange Act Release No. 19811 (''Original Proposing Release'') (May 25, 1983), 48 FR 24725 (June 2, 1983).

[2] In approving the Futures Trading Act of 1982, Congress expressed its understanding that neither the SEC nor the Commodity Futures Trading Commission (''CFTC'') had intended to bar the sale of futures on debt obligations of the United Kingdom of Great Britain and Northern Ireland to U.S. persons, and its expectation that administrative action would be taken to allow the sale of such futures contracts in the United States. *See* Original Proposing Release, *supra* note 1, 48 FR at 24725 (citing 128 Cong. Rec. H7492 (daily ed. September 23, 1982) (statements of Representatives Daschle and Wirth)).

[3] As originally adopted, the Rule required that the board of trade be located in the country that issued the underlying securities. This requirement was eliminated in 1987. *See* Securities Exchange Act Release No. 24209 (March 12, 1987), 52 FR 8875 (March 20, 1987).

[4] As originally adopted, the Rule applied only to British and Canadian government securities. *See* Original Adopting Release, *supra* note 1. In 1986, the Rule was amended to include Japanese government securities. *See* Securities Exchange Act Release No. 23423 (July 11, 1986), 51 FR 25996 (July 18, 1986). In 1987, the Rule was amendmed to include debt securities issued by Australia, France and New Zealand. *See* Securities Exchange Act Release No. 25072 (October 29, 1987), 52 FR 42277 (November 4, 1987). In 1988, the Rule was amended to include debt securities issued by Austria, Denmark, Finland, the Netherlands, Switzerland, and West Germany. *See* Securities Exchange Act Release No. 26217 (October 26, 1988), 53 FR 43860 (October 31, 1988). In 1992 the Rule was again amended to (1) include debt securities offered by the Republic of Ireland and Italy, (2) change the country designation of ''West Germany'' to the ''Federal Republic of Germany,'' and (3) replace all references to the informal names of the countries listed in the Rule with references to their official names. *See* Securities Exchange Act Release No. 30166 (January 8, 1992), 57 FR 1375 (January 14, 1992). In 1994, the Rule was amended to include debt securities issued by the Kingdom of Spain. *See* Securities Exchange Act Release No. 34908 (October 27, 1994), 59 FR 54812 (November 2, 1994). In 1995, the Rule was amended to include the debt securities of Mexico. *See* Securities Exchange Act Release No. 36530 (November 30, 1995), 60 FR 62323 (December 6, 1995). Finally, in 1996, the Rule was amended to include debt securities issued by the Federative Republic of Brazil, the Republic of Argentina, and the Republic of Venezuela. *See* Securities Exchange Act Release No. 36940 (March 7, 1996) 61 FR 10271 (March 13, 1996).

[5] *See* Letters from Jos Schmitt, President and Chief Executive Officer, Belfox, to Arthur Levitt, Jr., Chairman, Commission, dated June 27, 1997, to Howard L. Kramer, Senior Associate Director, Division, Commission, dated February 10, 1998 (collectively ''Belfox petition'').

[6] The Belgian long-term government bond future (''BGB future'') and the Belgian medium-term government bond future (''BMB future''). *Id.*

[7] The Belgian public debt securities underlying the two futures contracts traded on BELFOX are not represented by physical certificates, but appear as entries in an electronic register held by the National Bank of Belgium. *Id.*

[8] *See, e.g.*, Securities Exchange Act Release No. 36530 (November 30, 1995), 60 FR 62323 (December 6, 1995) (amending the Rule to add Mexico because the Commission believed that as a whole, the market for Mexican sovereign debt was sufficiently liquid and deep for the purposes of the Rule); Securities Exchange Act Release No. 36940 (March 7, 1996), 61 FR 10271 (March 13, 1996) (amending the Rule to add Brazil, Argentina and Venezuela because the Commission believed that the market for the sovereign debt of those countries was sufficiently liquid and deep for the purposes of the Rule).

[9] The two highest categories used by Moody's Investor Services (''Moody's'') for long-term debt are ''Aaa'' and ''Aa.'' *See* Moody's Investors Service, Rating Definitions (http://www.moodys.com/ratings/ratdefs.htm). The two highest categories used by Standard and Poor's (''S&P'') for long-term debt are ''AAA'' and ''AA.'' *See* Standard & Poor's Global Rating Handbook, ''Issue Credit Rating Definitions'' and ''Issuer Credit Rating Definitions'' (February 1998) (submitted as part of Belfox's petition).

[10] *See, e.g.*, Securities Exchange Act Release No. 30166 (January 6, 1992) 57 FR 1375 (January 14, 1992) (amending the Rule to include debt securities issued by Ireland and Italy—Ireland's long-term sovereign debt was rated Aa3 by Moody's and AA− by S&P, and Italy's long-term sovereign debt was rated Aaa by Moody's and AA+ by S&P); and Securities Exchange Act Release No. 34908 (October 27, 1994), 59 FR 54812 (November 2, 1994) (amending the Rule to include Spain, which had long-term debt ratings of Aa2 from Moody's and AA from S&P)

an active and liquid secondary trading market.[11] Absent a high debt rating, the Commission would consider a debt instrument's historical trading data.

Belgian long-term debt meets the debt rating standard. Moody's Investors Service (''Moody's'') has assigned an official rating of Aa1 to long-term local currency denominated [12] Belgian government securities and to long-term foreign currency denominated Belgian government securities.[13] Standard & Poor's (''S&P'') has assigned the Kingdom of Belgium a long-term local currency issuer credit rating of AAA and a long-term foreign currency issuer credit rating of AA+.[14]

The Commission also observes that there appears to exist an active and liquid trading market for Belgian issued debt instruments, based on the representations in Belfox's petition.[15] The total Belgian public debt outstanding[16] was equivalent to approximately US$258.92 billion as of December 31, 1996, approximately US$256.86 billion in 1995, and approximately US$251.64 billion in 1994. Linear bonds (''Obligations Linéaires—Lineaire Obligaties'' or ''OLOs''),[17] which are the only type of Belgian public debt instruments underlying the two futures contracts (BGB and BMB) currently listed on BELFOX, represented 53.6 percent of the total amount of Belgian public debt outstanding in 1996, 50.6 percent in 1995 and 44.6 percent in 1994.[18] At the end of the first quarter of 1997, the total amount of outstanding OLOs was equivalent to approximately US$139.89 billion. The total value traded in OLOs on an annual basis was equivalent to approximately US$1.86 trillion in 1996, US$1.7 trillion in 1995, and US$1.3 trillion in 1994. The average value traded in OLOs on a daily basis was equivalent to approximately US$7.44 billion in 1996, US$6.79 billion in 1995, and US$5.23 billion in 1994. The average number of trades on a daily basis involving OLOs was approximately 571, 614, and 636 for 1996, 1995 and 1994, respectively.[19]

In light of the above data, the Commission preliminarily believes that the debt obligations of Belgium should be subject to the same regulatory treatment under the Rule as the debt obligations of the Designated Foreign Governments. Moreover, the trading of futures on the sovereign debt of Belgium should provide U.S. investors with a vehicle for hedging the risks involved in the trading of the underlying sovereign debt of Belgium.

In addition, the Commission preliminarily believes that the proposed amendment offers potential benefits for U.S. investors. If adopted, the proposed amendment would allow U.S. and foreign boards of trade to offer in the United States, and U.S. investors to trade, a greater range of futures contracts on foreign government debt obligations. The Commission does not anticipate that the proposed amendment would result in any direct cost for U.S. investors or others. The proposed amendment would impose no recordkeeping or compliance burdens, and merely would provide a limited purpose exemption under the federal securities laws. The restrictions imposed under the proposed amendment are identical to the restrictions currently imposed under the terms of the Rule and are designed to protect U.S. investors.

Section 23(a)(2) of the Exchange Act [20] requires the Commission in amending rules to consider the potential impact on competition. Because the proposal is intended to expand the range of financial products available in the United States, the Commission preliminarily believes that the proposed amendment to the Rule will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.

IV. Request for Comments

The Commission seeks comments on the desirability of designating the debt securities of Belgium as exempted securities under Rule 3a12–8. Comments should address whether the trading or other characteristics of Belgium's sovereign debt warrant an exemption for purposes of futures trading. Commentators may wish to discuss whether there are any legal or policy reasons for distinguishing between Belgium and the Designated Foreign Governments for purposes of the Rule. The Commission also solicits comments on the costs and benefits of the proposed amendment to Rule 3a12–8. Specifically, the Commission requests commentators to address whether the proposed amendment would generate the anticipated benefits, or impose any costs on U.S. investors or others. The Commission also requests information regarding the potential impact of the proposed rule on the economy on an annual basis. If possible, commenters should provide empirical data to support their views. Finally, the Commission seeks comments on the general application and operation of the Rule given the increased globalization of the securities markets since the Rule was adopted.

V. Administrative Requirements

Pursuant to section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(b), the Chairman of the Commission has certified that the amendment proposed herein would not, if adopted, have a significant economic impact on a substantial number of small entities. This certification, including the reasons therefor, is attached to this release as Appendix A. We encourage written comments on the Certification. Commentators are asked to describe the nature of any impact on small entities and provide empirical data to support the extent of the impact. The Paperwork Reduction Act does not apply because the proposed amendment does not impose recordkeeping or information collection requirements, or other

[11] *See, e.g.,* Securities Exchange Act Release No. 36213 (September 11, 1995), 60 FR 48078 (September 18, 1995) (proposal to add Mexico to list of countries encompassed by rule); Securities Exchange Act Release No. 24428 (May 5, 1987), 52 FR 18237 (May 14, 1987) (proposed amendment, which was not implemented, that would have extended the rule to encompass all countries rated in one of the two highest categories by at least two NRSROs).

[12] The Belgian public debt is principally denominated in Belgian francs (''BEF''). The portion of Belgian public debt denominated in foreign currencies was 7.6% in 1996, 11.4% in 1995 and 14.5% in 1994. The debt instruments that underlie the futures contracts currently listed on BELFOX are denominated in Belgian francs. Belfox petition, *supra* note 5.

[13] *See* Moody's Investor Service, *Moody's Bond Record* at 131–32 (March 1998); *see also* Letter from Sosi Vartanesyan, Vice President, Moody's, dated January 15, 1998 (submitted as part of Belfox petition; confirming Aa1 ratings for Belgian long-term local currency denominated government securities and long-term foreign currency denominated government securities).

[14] *See* Letter from Konrad Reuss, Director, Standard & Poor's, to An De Pauw, Senior Legal Advisor, Belfox, dated Feb. 5, 1998 (accompanying Belfox petition). The letter explained that those ''issuer'' credit ratings ''have not been assigned as issue credit ratings to any outstanding debt issued by the Kingdom.''

[15] The market figures set forth here are found in Belfox's petition. U.S. dollar equivalents are based on a conversion rate of BEF 37.10 for USD 1.00 (the conversion rate on December 31, 1997). Belfox petition, *supra* note 5.

[16] Belgian public debt is comprised of government bonds, Treasury bills and various debt instruments of lesser importance, such as road fund loans, and municipal and provincial loans. *Id.*

[17] OLOs, which are issued by means of a price auction system, have maturities ranging from 1 to 20 years and are available with fixed or variable interest rate payments. Only those holding a Linear bond account with the National Bank of Belgium may participate in the auction for these bonds. The bonds are denominated in Belgian francs. *Id.*

[18] The amount of OLOs outstanding was equivalent to approximately US$138.79 billion at the end of 1996, US$130.01 billion in 1995, and US$112.27 billion in 1994. *Id.*

[19] OLOs are traded on the Brussels Stock Exchange and over the counter. *Id.*

[20] 15 U.S.C. 78w(a)(2).

collections of information which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

VI. Statutory Basis

The amendment to Rule 3a12–8 is being proposed pursuant to 15 U.S.C. 78a *et seq.*, particularly sections 3(a)(12) and 23(a), 15 U.S.C. 78c(a)(12) and 78w(a).

List of Subjects in 17 CFR Part 240

Reporting and recordkeeping requirements, Securities.

Text of the Proposed Amendment

For the reasons set forth in the preamble, the Commission is proposing to amend part 240 of Chapter II, Title 17 of the Code of Federal Regulations as follows:

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for part 240 continues to read in part as follows:

Authority: 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z–2, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78f, 78i, 78j, 78j–1, 78k, 78k–1, 78*l*, 78m, 78n, 78o, 78p, 78q, 78s, 78u–5, 78w, 78x, 78*ll*(d), 78mm, 79q, 79t, 80a–20, 80a–23, 80a–29, 80a–37, 80b–3, 80b–4 and 80b–11, unless otherwise noted.

* * * * *

2. Section 240.3a12–8 is amended by removing the word ''or'' at the end of paragraph (a)(1)(xviii), removing the ''period'' at the end of paragraph (a)(1)(xix) and adding ''; or'' in its place, and adding paragraph (a)(1)(xx), to read as follows:

§ 240.3a12–8 Exemption for designated foreign government securities for purposes of futures trading.

(a) * * *

(1) * * *

(xx) The Kingdom of Belgium.

* * * * *

By the Commission.

Dated: June 8, 1998.

Margaret H. McFarland,

Deputy Secretary.

Note: Appendix A to the Preamble will not appear in the Code of Federal Regulations.

Appendix A—Regulatory Flexibility Act Certification

I, Arthur Levitt, Jr., Chairman of the Securities and Exchange Commission, hereby certify, pursuant to 5 U.S.C. 605(b), that the proposed amendment to Rule 3a12–8 (''Rule'') under the Securities Exchange Act of 1934 (''Exchange Act'') set forth in Securities Exchange Act Release No. 40077, which would define the government debt securities of the Kingdom of Belgium (''Belgium'') as exempted securities under the Exchange Act for the purpose of trading futures on such securities, will not have a significant economic impact on a substantial number of small entities for the following reasons. First, the proposed amendment imposes no record-keeping or compliance burden in itself and merely allows, in effect, the marketing and trading in the United States of futures contracts overlying the government debt securities of Belgium. Second, because futures contracts on the nineteen countries whose debt obligations are designated as ''exempted securities'' under the Rule, which already can be traded and marketed in the U.S., still will be eligible for trading under the proposed amendment, the proposal will not affect any entity currently engaged in trading such futures contracts. Third, because those primarily interested in trading such futures contracts are large, institutional investors, neither the availability nor the unavailability of these futures products will have a significant economic impact on a substantial number of small entities, as that term is defined for broker-dealers in 17 CFR 240.0–10.

Dated: June 4, 1998.

Arthur Levitt, Jr.,

Chairman.

[FR Doc. 98–15827 Filed 6–14–98; 8:45 am]

BILLING CODE 8010–01–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

25 CFR Part 11

RIN 1076–AD76

Law and Order on Indian Reservations; Correction

AGENCY: Bureau of Indian Affairs.

ACTION: Correction to proposed regulations.

SUMMARY: This document contains corrections to the proposed regulations which were published Friday, July 5, 1996 (61 FR 35158) and corrections to the proposed regulations which were published Wednesday, February 26, 1997 (62 FR 8665) and Friday, November 14, 1997 (62 FR 61057). The proposed rule amends regulations governing Courts of Indian Offenses.

DATES: Comments must be received on or before July 15, 1998.

ADDRESSES: Comments are to be mailed to Bettie Rushing, Office of Tribal Services, Bureau of Indian Affairs, 1849 C Street, NW, MS 4641–MB, Washington, DC 20240; or, hand delivered to Room 4641 at the same address.

FOR FURTHER INFORMATION CONTACT: Bettie Rushing, Bureau of Indian Affairs (202) 208–4400.

SUPPLEMENTARY INFORMATION:

Background

The proposed rule that is the subject of these corrections supersedes 25 CFR 11.100(a) and affects those tribes that have exercised their inherent sovereignty by removing the names of those tribes from the list of Courts of Indian Offenses.

The Assistant Secretary-Indian Affairs, or his designee, has received law and order codes adopted by the Absentee Shawnee Tribe of Indians, the Cheyenne—Arapaho Tribe, the Citizen Band of Potawatomi Indians, the Iowa Tribe, the Kaw Tribe, the Kickapoo Tribe, the Otoe-Missouri Tribe, and the Pawnee Tribe, all of Oklahoma, the Quechan Indian Tribe in Arizona and California, and the Yomba Shoshone Tribe in Nevada, in accordance with their constitutions and by-laws and approved by the appropriate bureau official. The Assistant Secretary-Indian Affairs recognizes that these courts were established in accordance with the tribe's constitutions and by-laws.

Inclusion in § 11.100, Where are Courts of Indian Offenses established?, does not defeat the inherent sovereignty of a tribe to establish tribal courts and exercise jurisdiction under tribal law. *Tillett* v. *Lujan*, 931 F.2d 636, 640 (10th Cir. 1991) (CFR courts ''retain some characteristics of an agency of the federal government'' but they ''also function as tribal courts''); *Combrink* v. *Allen*, 20 Indian L. Rep. 6029, 6030 (Ct. Ind. App., Tonkawa, Mar. 5, 1993) (CFR court is a ''federally administered tribal court''); *Ponca Tribal Election Board* v. *Snake*, 17 Indian L. Rep. 6085, 6088 (Ct. Ind. App., Ponca, Nov. 10, 1988) (''The Courts of Indian Offenses act as tribal courts since they are exercising the sovereign authority of the tribe for which the court sits.''). Such exercise of inherent sovereignty and the establishment of tribal courts shall comply with the requirements in 25 CFR 11.100(c).

Need for Correction

As published, the proposed rule contains errors which may prove to be misleading and are in need of clarification.