

FDC date	State	City	Airport	FDC No.	SIAP
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6679	ILS RWY 18L, AMDT 7B...
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6680	ILS RWY 36R CAT/III/, AMDT 10...
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6681	ILS RWY 36R AMDT 10...
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6682	ILS RWY 36R/CAT II/, AMDT 10...
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6683	NDB RWY 36R, AMDT 7...
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6684	RADAR-1, AMDT 37...
12/13/95	TN	Memphis	Memphis Intl	FDC 5/6685	DEP PROCS/TKOF MNMS AMDT 12...
12/14/95	SC	Summerville	Summerville/Dorchester County	FDC 5/6705	NDB or GPS RWY 5, ORIG-A...
12/15/95	IA	Des Moines	Des Moines Intl	FDC 5/6715	ILS RWY 13L, AMDT 6...
12/15/95	OH	Wadsworth	Wadsworth Muni	FDC 5/6726	NDB or GPS RWY 2, AMDT 5...
12/18/95	OH	Wadsworth	Wadsworth Muni	FDC 5/6746	VOR/DME-A AMDT 1...
12/20/95	KY	Louisville	Louisville Intl-Standiford Field	FDC 5/6805	ILS RWY 35, ORIG...
12/20/95	MO	Kansas City	Kansas City Intl	FDC 5/6785	ILS RWY 19L, ORIG-A...
12/21/95	MA	Worcester	Worcester Muni	FDC 5/6835	VOR/DME RWY 33, ORIG...

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BILLING CODE 4910-13-M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 30

Foreign Option Transactions

AGENCY: Commodity Futures Trading Commission.

ACTION: Order.

SUMMARY: The Commodity Futures Trading Commission (Commission) is: confirming that the Part 30 Order issued on February 17, 1993 (the "Initial Order") to the Tokyo Grain Exchange (TGE) continues in effect subsequent to the merger on October 1, 1993 of the TGE with the Tokyo Sugar Exchange (TSE) with the TGE as the surviving entity; and allowing the option contract on the raw sugar futures contract traded on TGE to be offered or sold to persons located in the United States.

This Order is issued pursuant to Commission rules 30.3 and 30.10, 17 CFR 30.3 and 30.10 (1995), which: granted an exemption to designated members of the Exchange from the application of certain of the Commission's foreign futures and option rules based on substituted compliance with comparable Japanese regulatory and self-regulatory requirements; and authorized options on U.S. soybean futures contracts traded on the TGE to be offered or sold in the United States, 58 FR 10953 (Feb. 23, 1993). By this Order, the Commission also acknowledges the substitution of the merged TGE as the party to several ongoing information sharing and financial intermediary recognition arrangements entered into with the former TGE, the Ministry of Agriculture, Forestry and Fisheries ("MAFF") and

the Commission as described in the Initial Order.

EFFECTIVE DATE: February 28, 1996.

FOR FURTHER INFORMATION CONTACT: Jane C. Kang, Esq. or Robert 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: The Commission has issued the following Order:

United States of America Before The Commodity Futures Trading Commission

Order Pursuant to Commission Rules 30.3 and 30.10 Confirming that the Initial Order to the TGE Continues in Effect Subsequent to the Merger of TGE and TSE and Permitting Option Contracts on the Raw Sugar Futures Contract Traded on the TGE To Be Offered or Sold to Persons Located in the United States Thirty Days After Publication of This Notice in the Federal Register Absent Further Notice

In the Initial Order,¹ the Commission exempted certain designated members of the TGE from the application of certain of the foreign futures and option rules based on substituted compliance with comparable Japanese regulatory and self-regulatory requirements and allowed option contracts on U.S. soybean futures contracts traded on the TGE to be offered or sold in the United States.² Among other conditions, the Initial Order specified that:

Except as otherwise permitted under the Commodity Exchange Act and regulations

¹ See 58 FR 10953 (February 23, 1993).

² Commission rule 30.3(a), 17 CFR 30.3(a), makes it unlawful for any person to engage in the offer or sale of a foreign option product until the Commission, by order, authorizes such foreign option to be offered or sold in the United States.

thereunder, * * * no offer or sale of any Tokyo Grain Exchange option product in the United States shall be made until thirty days after publication in the Federal Register of notice specifying the particular option(s) to be offered or sold pursuant to this Order.

On October 1, 1993, the membership of the TSE merged with the TGE with the TGE as the surviving entity. The merger was approved by the MAFF, the government regulator with oversight responsibility for both exchanges.

The Exchange has represented, among other things, that the basis upon which the Commission issued the Initial Order as well as the terms and conditions set forth therein continue in effect with respect to TGE subsequent to the merger with TSE.³ In particular, the Exchange has represented that:⁴

(1) the recognition and continued oversight by MAFF of TGE remain unaffected by the merger;

(2) the TSE futures and options which are now traded on the TGE Sugar Market are designated and traded according to the requirements of the Japanese Commodity Exchange Law ("CEL"), which the Commission considered in issuing the Initial Order to the TGE; and

³ In this connection, the Initial Order was issued, in part, based on the Exchange's commitment to phase in physical segregation requirements for customer property. Specifically, a special enforcement order issued by MAFF on December 14, 1990 required that one quarter of all customer property held by an FCM be physically segregated in accordance with Article 92-2 of the CEL, with an additional quarter to be segregated on April 1 of each subsequent year until April 1, 1996, when 100% of all customer property will be required to be segregated. Therefore, 75% of customer property is currently subject to physical segregation at the TGE. Under the CEL, the segregation protection is supplemented by the Guarantee Money Fund, the Commodity Transaction Responsible Reserve Fund, Membership Trust Money and the Compensation Fund.

⁴ See letter dated June 14, 1995 from Seiji Mori, TGE, to Andrea M. Corcoran, Commission and letters dated July 11 and July 28, 1995 from Itsuji Yanagisawa, TGE, to Jane C. Kang, Commission.

(3) no significant rule changes have been implemented at TGE as a result of the merger: the only modifications made to date have been those necessary to bring futures and options contracts traded at TSE within the TGE regulatory structure.

In particular, the TGE has summarized relevant changes resulting from the merger as follows:

(1) *Membership.* Although many TSE members were also TGE members, TSE had an additional category of membership—associate members who are permitted to trade only for their own accounts and must execute their trades through a futures commission merchant ("FCM") member of the TGE. Therefore, TGE rules were amended to add associate members to the existing regular member and FCM categories.

(2) *Creation of Two Markets.* The integrated, centrally located TGE marketplace now consists of a TGE Agricultural Market, trading commodities previously associated with TGE and a TGE Sugar Market, trading commodities previously associated with TSE.

(3) *Staff.* Staff of the two exchanges merged to form staff of the TGE to ensure there is no diminution in oversight or staff expertise. The 38 staff members who are responsible for market surveillance comprise one-third of the total Exchange staff.

By letter dated June 14, 1995, TGE requested that the Commission confirm that the Initial Order continues in effect relative to the merged entity which came into existence on October 1, 1993 and supplement the Initial Order authorizing the offer and sale in the United States of options on the U.S. soybean futures contract by also authorizing the TGE's option contract on the raw sugar futures contract to be offered or sold to persons located in the United States.⁵

Based upon the foregoing, and subject to the terms and conditions specified in the Initial Order, the Commission hereby publishes this Order in the Federal Register confirming the continued applicability of the Initial

Order to the newly merged entity, TGE, and allowing the option contract based on the raw sugar futures contract traded on the TGE to be offered or sold to persons located in the United States thirty days after publication of this Order in the Federal Register, unless prior to that date the Commission receives any comments which may result in a determination to delay the effective date of the Order pending review of such comments. Under such circumstances the Commission will provide notice.

Contract Specifications Options on Raw Sugar Futures (March 1996 Contract)

Year Contract Began Trading—May 1992

Trading Hours

Morning: Opening Session, 9:10 a.m.–9:30 a.m.; Continuous Session 9:30 a.m.–11:30 a.m.

Afternoon: Opening Session, 1:00 p.m.–1:15 p.m.; Continuous Session, 1:15 p.m.–3:00 p.m.; Closing Session, 3:00 p.m.–3:15 p.m.

Contract Unit—One TGE Raw sugar futures contract

Delivery Months—January, March, May, July, September and November within a 15 month period

Price Quotation—Yen per 1,000 kilogram

Minimum Price Fluctuation—10 yen per 1,000 kilogram (500 yen per contract)

Maximum Daily Price Fluctuation—1,000 yen per 1,000 kilogram with variable limits effective under certain conditions.

Strike Price Increment—1,000 yen per 1,000 kilogram intervals with one strike price at-the-money and minimum of three exercise prices above and three below.

Speculative Position Limits—None

Last Trading Day—The last business day 3 months prior to the delivery

month of the underlying futures contract.

Expiration Date—3:45 p.m. of the last trading day

Automatic Exercise—None

Exercise Style—American style. The option holder shall give an exercise notice to the FCMs by 3:30 p.m. of any business day up to the last trading day. FCMs and regular members shall give an exercise notice to the FCMs from 3:00 p.m. to 3:45 p.m. of any business day up to the last trading day. The Exchange shall proportionally assign an exercised position to the option writer.

Customer Margin—The writer shall deposit 50,000 yen (the half amount of the initial margin of the underlying futures contract) plus the option premium per one contract to FCMs.

Commission Fee

New Order, 3,000 yen or less per one contract

Resale/Repurchase (for liquidation), 2,000 yen or less per one contract.

Note: The first trading day of March 1996 contract started from January 4, 1995.

List of Subjects in 17 CFR Part 30

Commodity futures, Commodity options, Foreign transactions.

Accordingly, 17 CFR Part 30 is amended as set forth below:

PART 30—FOREIGN FUTURES AND FOREIGN OPTION 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. Appendix B to Part 30 is amended by adding the following entry after the existing entries for the "Tokyo Grain Exchange" to read as follows:

APPENDIX B.—OPTION CONTRACTS PERMITTED TO BE OFFERED OR SOLD IN THE U.S. PURSUANT TO § 30.3(A)

Exchange	Type of contract	FR date and citation
* * * * *		*
Tokyo Grain Exchange	Option Contract on the Raw Sugar Futures Contract	1996; ____FR____
* * * * *		*

⁵ The TGE's application had submitted terms for two option contracts on raw sugar futures contracts. The last trading day for one of those contracts was

October 31, 1995. Accordingly, this Order authorizes the one option contract on the raw sugar futures contract which started trading on January 1,

1995 as described below in the "Contract Specifications".

Issued in Washington, D.C. on January 22, 1996.

Jean A. Webb,

Secretary to the Commission.

[FR Doc. 96-1511 Filed 1-26-96; 8:45 am]

BILLING CODE 6351-01-P

17 CFR Part 33

Deletion of Option Regulation Requiring That Futures Commission Merchants Give Notification of Disciplinary Actions to Their Designated Self-Regulatory Organizations; Regulation 33.4(b)(6)

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rule.

SUMMARY: The Commodity Futures Trading Commission ("Commission") is amending 17 CFR Part 33 to delete Regulation 33.4(b)(6), under which a board of trade must adopt rules that require each member futures commission merchant ("FCM") that engages in the offer or sale of Part 33 option contracts to give notice to the FCM's designated self-regulatory organization ("DSRO") of any disciplinary action taken against the FCM or any of its associated persons by the Commission or by another self-regulatory organization ("SRO"). The purpose of this deletion is to eliminate unnecessary recordkeeping requirements affecting FCMs.

EFFECTIVE DATE: February 28, 1996.

FOR FURTHER INFORMATION CONTACT: Kimberly A. Browning, Attorney, Commodity Futures Trading Commission, Division of Trading and Markets, Three Lafayette Centre, 1155 21 Street NW., Washington, DC 20581. Telephone (202) 418-5490.

SUPPLEMENTARY INFORMATION:

I. Background

Regulation 33.4(b)(6) is part of a group of regulations that date from the Commission's three-year pilot program, instituted by the Commission on November 3, 1981, for the trading on domestic exchanges of options on non-agricultural futures contracts. The establishment of the pilot program was the culmination of a long history of Commission efforts to provide for the trading of commodity options in a regulated environment. Subsequently, the Commission adopted a pilot program that expanded the trading of options to non-agricultural physical commodities. 47 FR 65996 (December 22, 1982). On January 23, 1984, the Commission adopted a separate three-

year pilot program that expanded the trading of options on futures contracts to domestic agricultural commodities. 49 FR 2752. Overall, the Commission found that each pilot program had been a success.¹

Part 33 of the Commission's regulations governs domestic exchange-traded commodity option transactions. Regulation 33.4, in conjunction with the requirements of Section 5 of the Commodity Exchange Act ("Act"), sets forth the requirements which a board of trade must meet in order to be designated as a contract market for the trading of option contracts. Part 33, including Regulation 33.4, was adopted concurrently with the initial implementation of the first pilot program in 1981. Under Regulation 33.4(b)(6), a board of trade must adopt rules that require each member FCM which engages in the offer or sale of Part 33 option contracts to give notice to the FCM's DSRO of any disciplinary action taken against the FCM or any of its associated persons by the Commission or by another SRO.

By letter dated September 11, 1992, the Chicago Board of Trade ("CBT") petitioned the Commission for deletion of Regulation 33.4(b)(6). In support of its petition, the CBT explained that, along with other futures exchanges, it has joined the National Futures Association ("NFA") in implementing a centralized repository for the entry of information on exchange disciplinary actions the ("NFA Clearinghouse").² The CBT stated that it believes that because the NFA Clearinghouse includes data on Commission, NFA and exchange disciplinary actions, the reporting requirements imposed on FCMs by Regulation 33.4(b)(6) are now duplicative and should be abolished.³

The NFA Clearinghouse went into effect in late January 1991. At that time,

several exchanges began to file their disciplinary action data electronically into the NFA Clearinghouse database through what the NFA refers to as the exchange disciplinary action portion for the NFA Clearinghouse. The NFA Clearinghouse, which the exchanges have entered into voluntarily, permits the Commission and the exchanges to enter and review disciplinary action data, including disciplinary actions taken against an FCM or any of its associated persons by the Commission or by another SRO, via computer terminals at their respective locations.⁴

II. Proposed Rule

On January 19, 1993, the Commission's proposal to delete Regulation 33.4(b)(6) was published in the Federal Register (58 FR 4948). This proposal was made in response to the CBT's September 11, 1992 petition for deletion of Regulation 33.4(b)(6). The Commission stated that the NFA Clearinghouse appeared to satisfy the objective of Regulation 33.4(b)(6) by providing a repository for, among other things, exchange disciplinary actions. In making the proposal to delete Regulation 33.4(b)(6), the Commission stated that before it approved final deletion of the regulation, it intended to examine exchange and NFA refinements to the operation of the NFA Clearinghouse to determine whether the system would serve the purpose of Regulation 33.4(b)(6).

III. Comments Received

The Commission received one comment letter, from the NFA, that supported the proposed deletion of Regulation 33.4(b)(6). The NFA commented that it believes that Regulation 33.4(b)(6) places an unnecessary regulatory burden upon FCMs because the Commission, members of the public, and any DSRO may already obtain disciplinary information, without an FCM's specific disclosure, by accessing the NFA Clearinghouse.

IV. Final Rule

Commission staff has been monitoring each exchange's use of the NFA Clearinghouse. Since August 1991, the majority of the exchanges have been

¹ By February 9, 1987, the Commission had made the programs permanent. Option trading on non-agricultural futures was made permanent effective August 1, 1986. 51 FR 17464 (May 13, 1986); 51 FR 27529 (August 1, 1986). Option trading on agricultural futures and options on non-agricultural physicals were made permanent effective February 9, 1987. 52 FR 777 (January 9, 1987).

² For background on the NFA Clearinghouse, see generally 58 FR 4949 (January 19, 1993).

³ It should be noted that on September 4, 1992, the Commission proposed the deletion of two other provisions in Regulation 33.4: Regulation 33.4(b)(4)(iii) and Regulation 33.4(b)(8). 57 FR 40626. On December 14, 1992, the deletion of these two regulations became final. See 57 FR 58976. Under these regulations, boards of trade designated as contract markets for options were required to adopt rules requiring member FCMs that engaged in the offer or sale of commodity options regulated under Part 33 to send copies of customer complaints, the record of the final disposition thereof, and copies of all promotional material to the member's DSRO.

⁴ Currently, the exchanges are required to submit hardcopy notices of disciplinary actions to the Commission pursuant to Regulation 9.11. Ultimately, however, it is anticipated that data will be entered into the NFA Clearinghouse in lieu of filing hardcopy notices. Until the Commission permits such data entry directly into the NFA Clearinghouse, in lieu of such filings, exchanges must continue to file hardcopy notices with the Commission within the 30-day requirement of Regulation 9.11.