

Use maximum force including a combined effort of both pilots, if required to free and center the rudder pedals.

If rudder pedal position or movement is not normal and the condition is not the result of rudder trim:

SYSTEM B FLIGHT CONTROL SWITCH: STBY RUD.

A slight rudder deflection may remain, but continued rudder pedal pressure may help maintain an in-trim condition.

Sufficient directional control is available on landing using differential braking and nose wheel steering.

Crosswind capability may be reduced.

Do not use autobrakes.

Consider checking rudder freedom of movement at a safe altitude using slow rudder inputs while in the landing configuration and at approach speed.

If condition was the result of rudder trim or environmental factors:

YAW DAMPER SWITCH: ON.

Accomplish the normal DESCENT—APPROACH and LANDING checklists.”

(c) It is acceptable to modify the format of the above procedure to reflect the format used by individual carriers. However, the procedural sequence, memory items, and/or associated text may not be modified, except by submitting a request for an alternative method of compliance (AMOC) as specified in paragraph (d) of this AD.

#### Alternative Methods of Compliance

(d) An AMOC or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Seattle Aircraft Certification Office (ACO), FAA. Operators shall submit their requests through an appropriate FAA Principal Operations Inspector, who may add comments and then send it to the Manager, Seattle ACO.

**Note 1:** Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Seattle ACO.

#### Special Flight Permits

(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.

#### Effective Date

(f) This amendment becomes effective on November 13, 2000.

Issued in Renton, Washington, on October 20, 2000.

**John J. Hickey,**

Manager, Transport Airplane Directorate,  
Aircraft Certification Service.

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## COMMODITY FUTURES TRADING COMMISSION

### 17 CFR Part 140

#### Delegation of Authority to Disclose and Request Information

**AGENCY:** Commodity Futures Trading Commission.

**ACTION:** Final rules.

**SUMMARY:** The Commodity Futures Trading Commission (Commission) is amending certain provisions of its part 140 regulations to add the Director and Deputy Director of the Commission's Office of International Affairs as persons to whom certain authorities are delegated.

**EFFECTIVE DATE:** October 26, 2000.

#### FOR FURTHER INFORMATION CONTACT:

Robert Rosenfeld, Deputy Director, Office of International Affairs, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581. Telephone: (202) 418-5645. E-mail: rrosen-field@cftc.gov.

#### SUPPLEMENTARY INFORMATION:

##### I. Delegation

Commission regulations have been amended to add the Director of the Office of International Affairs (Director) and, in certain circumstances the Deputy Director, as persons authorized in appropriate cases to disclose certain non-public information to other governmental, judicial or market authorities in carrying out his or her duties. The amendments would affect the authority to disclose: (1) Information to a contract market, registered futures association or self-regulatory organization (17 CFR 140.72), and (2) information to United States (U.S.), States and foreign government agencies and foreign futures authorities (17 CFR 140.73). This authority will facilitate OIA's ability to coordinate and share information with foreign authorities for regulatory oversight, fitness inquiries and other regulatory purposes.

##### II. Related Matters

###### A. Administrative Procedure Act

The Commission has determined that this delegation of authority relates solely to agency organization, procedure and practice. Therefore, the provisions of the Administrative Procedure Act that generally require notice of proposed rulemaking and that provide other opportunities for public participation<sup>1</sup> are not applicable. The Commission

further finds that, because the rules have no adverse effect upon a member of the public, there is good cause to make them effective immediately upon publication in the **Federal Register**.

###### B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA)<sup>2</sup> requires that agencies, in proposing rules, consider the impact of those rules on small businesses. The rules discussed herein are only an administrative delegation and will have no impact on registered entities or other persons subject to the Commission's regulatory authority. The rules solely authorize the transmission of information and do not impose any regulatory burden. Moreover, even assuming such impact, the Commission has previously established certain definitions of "small entities" to be used by the Commission in evaluating the impact of its rules on such small entities in accordance with the RFA, and determined that contract markets, futures commission merchants (FCMs) large traders and commodity pool operators (CPOs) are not small entities under the RFA.<sup>3</sup> With respect to commodity trading advisors (CTAs) and introducing brokers (IBs), the Commission stated that it would evaluate within the context of a particular proposal whether all or some affected CTAs and IBs should be considered small entities and if so, that it would analyze the economic impact on them of any rule.<sup>4</sup> As noted above, this rule does not change any obligations or otherwise impose any regulatory burdens. Accordingly, the Chairman, on behalf of the Commission, hereby certifies, pursuant to 5 U.S.C. 605(b), that these rule amendments will not have a significant impact on a substantial number of small entities.

###### List of Subjects in 17 CFR Part 140

Authority delegations (Government agencies), Organization and functions (Government agencies).

In consideration of the foregoing and pursuant to the authority contained in the Act and, in particular, Sections 2a and 8a,<sup>5</sup> the Commission is amending Part 140 of Chapter I of Title 17 of the Code of Federal Regulations as follows:

#### PART 140—[AMENDED]

1. The authority citation for Part 140 continues to read as follows:

**Authority:** 7 U.S.C. 4a and 12a.

<sup>2</sup> 5 U.S.C. 601 *et seq.* (1994).

<sup>3</sup> 47 FR 18618, 18618-18621 (April 30, 1982).

<sup>4</sup> *Id.* at 18618-18620.

<sup>5</sup> 7 U.S.C. 4a and 12a (1994).

<sup>1</sup> 5 U.S.C. 553 (1994).

**§ 140.72 [Amended]**

2. Paragraph (a) of § 140.72 is amended by removing “and each of the Directors of the Market Surveillance Branches” and adding, “each of the Directors of the Market Surveillance Branches, the Director of the Office of International Affairs and the Deputy Director of the Office of International Affairs” in its place.

**§ 140.73 [Amended]**

3. Paragraph (a) of § 140.73 is amended by adding, “and the Director of the Office of International Affairs or, in his or her absence, the Deputy Director of the Office of International Affairs” after “each Deputy Director of the Division of Trading and Markets.”

Issued in Washington, DC on October 19, 2000 by the Commission.

**Jean A. Webb,**

*Secretary of the Commission.*

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## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Part 240

[Release No. 34-43461, File No. S7-18-98]

RIN 3235-AH30

### Amendments to Rule 9b-1 Under the Securities Exchange Act of 1934 Relating to the Options Disclosure Document

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Final rule.

**SUMMARY:** The Securities and Exchange Commission (“SEC” or “Commission”) is adopting amendments to Rule 9b-1 (“Rule”) under the Securities Exchange Act of 1934 (“Exchange Act”). Rule 9b-1 governs the filing and dissemination of, and the information to be included in, an options disclosure document. The amendments are intended to provide greater clarity to the Rule’s provisions, while continuing a regulatory scheme that fosters investors’ understanding of the characteristics and risks of standardized options.

**EFFECTIVE DATE:** This final rule is effective November 27, 2000.

**FOR FURTHER INFORMATION CONTACT:** Nancy J. Sanow, Assistant Director, at (202) 942-0796, or Steven Johnston, Special Counsel, at (202) 942-0795, Office of Market Supervision, Division of Market Regulation, 450 Fifth Street, NW., Washington, DC 20549-1001.

**SUPPLEMENTARY INFORMATION:** The Commission is adopting amendments to Rule 9b-1<sup>1</sup> under the Securities Exchange Act of 1934<sup>2</sup> to make technical and clarifying changes to the Rule to better reflect the disclosure requirements regarding standardized options.

### I. Introduction

In June 1998, the Commission published for comment amendments to Rule 9b-1 under the Exchange Act to revise certain language in the Rule to better reflect the disclosure requirements regarding standardized options.<sup>3</sup> The changes are minor or technical in nature and do not alter the basic purpose of the Rule, namely, to ensure the dissemination of essential options information to less sophisticated investors in a manner that they can easily understand. The changes should also help to ensure that the Rule addresses the evolving nature of the markets for standardized options.<sup>4</sup> The Commission received two comments supporting the proposal and is adopting the revisions as proposed.

### II. Background

In general, Rule 9b-1: (i) Specifies when a self-regulatory organization is required to file an options disclosure document (“ODD”) with the Commission; (ii) itemizes the information required to be contained in the ODD; (iii) describes the Commission’s process of reviewing a preliminary ODD; and (iv) establishes the obligations of broker-dealers to furnish the ODD prior to approving a customer’s account for trading in options.

Rule 9b-1 provides that an options disclosure document containing the information specified in paragraph (c) of the Rule must be filed with the Commission by an options market<sup>5</sup> at least 60 days prior to the date definitive copies of the document are furnished to

customers. Rule 9b-1(c) specifies that, with respect to the options classes covered by the ODD, the document must contain, among other things, a discussion of the mechanics of buying, writing, and exercising the options; the risks of trading the options; the market for the option; and a brief reference to the transaction costs, margin requirements, and tax consequences of options trading. Further, Rule 9b-1(d) provides that no broker or dealer shall accept an options order from a customer, or approve the customer’s account for the trading of options, “unless the broker or dealer furnishes or has furnished to the customer the options disclosure document.”

Adopted in 1982, the Rule is intended to foster better investor understanding of standardized options trading and to reduce the costs of issuer compliance with the registration requirements of the Securities Act of 1933 (“Securities Act”).<sup>6</sup> Prior to the Rule’s adoption, it was necessary for an options issuer to file a registration statement containing detailed information about the issuer of the options and the mechanics of options trading, to meet the registration requirements of the Securities Act. These registration requirements, however, made the prospectus “lengthy and complicated” and did not meet the needs of less sophisticated options investors.<sup>7</sup> Accordingly, the Commission developed a disclosure document that contains information concerning the risks and uses of options trading and presents the information in a manner easily understandable by investors lacking a financial background. With the adoption of Rule 9b-1, the Commission established a new disclosure procedure specifically geared to satisfying the information needs of investors in standardized options.<sup>8</sup>

Following the adoption of Rule 9b-1, an options disclosure document was prepared jointly by The American Stock Exchange LLC, the Chicago Board Options Exchange, Inc. (“CBOE”), the Pacific Exchange, Inc., the Philadelphia Stock Exchange, Inc., and The Options Clearing Corporation (“OCC”). The

<sup>1</sup> 17 CFR 240.9b-1.

<sup>2</sup> 15 U.S.C. 78a *et seq.*

<sup>3</sup> Securities Exchange Act Release No. 40129 (June 25, 1998), 63 FR 36138 (July 1, 1998) (“Proposing Release”).

<sup>4</sup> The term “standardized options” is defined as “options contracts trading on a national securities exchange, an automated quotation system of a registered securities association, or a foreign securities exchange which relate to options classes the terms of which are limited to specific expiration date and exercise prices, or such other securities as the Commission may, by order, designate.” 17 CFR 240.9b-1(a)(4).

<sup>5</sup> The term “options market” is defined as “a national securities exchange, an automated quotation system of a registered securities association or a foreign securities exchange on which standardized options are traded.” 17 CFR 240.9b-1(a)(1).

<sup>6</sup> See Securities Exchange Act Release Nos. 18836 (June 24, 1982), 47 FR 28688 (July 1, 1982) (“1982 Proposing Release”) and 19055 (Sept. 16, 1982), 47 FR 41950 (Sept. 23, 1982) (“1982 Adopting Release”).

<sup>7</sup> 1982 Proposing Release, *id.* at 47 FR 28688.

<sup>8</sup> Concurrent with the adoption of Rule 9b-1, the Commission adopted a Form S-20 for the registration of standardized options under the Securities Act. 1982 Adopting Release, *supra* note 6, 47 FR at 41951-2. This Form requires the filing of information relating to standardized options and their issuer. The Form must be filed with the Commission by the issuer and become effective before an options disclosure document may be distributed. 17 CFR 240.9b-1(b)(1).