

1995), under Section 97.23 effective June 22, 1995, which is hereby amended as follows:

Marion, IN, Marion Muni
VOR RWY 22

Change: Amdt 1 to Amdt 15.

The FAA published an amendment in Docket No. 28199, Amdt No. 1660 to Part 97 of the Federal Aviation Regulations (FR Vol 60, No. 81, Page 20625, dated April 27, 1995), under Section 97.25 effective July 20, 1995, which is hereby amended as follows:

Owensboro, KY, Owensboro Daviess County,
LOC BC RWY 18, Orig. is RESCINDED.

[FR Doc. 95-14180 Filed 6-8-95; 8:45 am]

BILLING CODE 4910-13-M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 30

Foreign Futures and Option Transactions

AGENCY: Commodity Futures Trading Commission.

ACTION: Order.

SUMMARY: The Commodity Futures Trading Commission ("Commission" or "CFTC"), subject to the conditions specified below, is authorizing certain option contracts traded on the MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija (the "Exchange" or "MEFF Renta Fija") to be offered or sold to persons located in the United States; and granting 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 certain comparable regulatory and self-regulatory requirements of a foreign regulatory authority.

This Order is issued pursuant to Commission rule 30.3(a), 17 CFR 30.3(a), which 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 in the United States, and rule 30.10, 17 CFR 30.10, which allows certain persons to petition the Commission for exemption from the application of certain of the rules set forth in Part 30 and authorizes the Commission to grant such petition if the exemption is not otherwise contrary to the public interest or to the purposes of the provisions from which exemption is sought.

EFFECTIVE DATE: July 10, 1995.

FOR FURTHER INFORMATION CONTACT: Jane C. Kang, Esq., or Robert H. Rosenfeld, Esq., Division of Trading and Markets, Commodity Futures Trading

Commission, 2033 K Street, N.W., Washington, D.C. 20581. Telephone: (202) 254-8955.

SUPPLEMENTARY INFORMATION: On July 23, 1987, the Commission adopted final rules governing the domestic offer and sale of commodity futures and option contracts traded on or subject to the rules of a foreign board of trade. 52 FR 28980 (August 5, 1987). These rules, which are codified in Part 30 of the Commission's regulations, 17 CFR part 30, generally extend the Commission's existing customer protection regulations for products offered or sold on contract markets in the United States to foreign futures and option products¹ sold to United States customers by imposing requirements with respect to registration, disclosure, capital adequacy, protection of customer funds, recordkeeping and reporting, sales practice and compliance procedures that are generally comparable to those applicable to wholly domestic transactions.

With respect to foreign options, in view of the history of abuses in the options markets prior to the imposition of the options ban,² the Commission determined to phase in foreign options on a market-by-market basis through particularized review of applications submitted by individual markets and issuance of an authorization order, as appropriate, by the Commission.³ In adopting the final rules which implement that procedure, the Commission stated that notwithstanding part 30, which provides a regulatory framework to govern transactions in both foreign futures and foreign options,

¹ Commission rule 30.1(a), 17 CFR 30.1(a), defines the term "foreign futures" as "any contract for the purchase or sale of any commodity for future delivery made, or to be made, on or subject to the rules of any foreign board of trade."

Commission rule 30.1(b), 17 CFR 30.1(b), defines the term "foreign option" as "any transaction or agreement which is or is held out to be of the character of, or is commonly known to the trade as, an "option," "privilege," "indemnity," "bid," "offer," "put," "call," "advance guaranty," or "decline guaranty," made on or subject to the rules of any foreign board of trade."

² See 51 FR 12104 (April 8, 1986). The pattern of abuses that was characteristic of option sales practices in the past, and which contributed to the Commission's decision to suspend all option sales in 1978, included the unavailability of data necessary to permit a determination of whether orders for options had in fact been executed or whether they simply had been "bucketed". See 43 FR 16155 (April 17, 1978).

³ Although the statutory prohibition on the offer and sale of foreign options formerly contained in section 4(c) of the Commodity Exchange Act ("CEA" or the "Act") has been removed, see Futures Trading Act of 1986, Pub. L. No. 99-641, section 102, 100 Stat. 3556 (1987), the regulatory prohibition in Commission rule 32.11, 17 CFR 32.11, adopted pursuant to section 4(b) of the CEA, remains in effect.

and which has been the subject of extensive notice and comment, it would be unlawful for any person to engage in the offer or sale of a particular foreign option product until the Commission specifically authorizes such foreign option to be offered and sold in the United States.⁴ As a consequence, rule 30.3(a) permits the Commission to consider, among other things, its ability to determine whether or not a particular trade has been transmitted to and executed on a foreign exchange as part of its decision to authorize transactions in specific foreign exchange-traded options.⁵

In issuing orders under rule 30.3(a), the Commission considers: (1) The existence of information sharing arrangements relevant to preventing abuses in the trading of option contracts on the exchange; (2) the arrangements in place for assuring that sales practice abuses in such options do not occur, including that sales practice compliance audits commensurate with those which apply to domestic products will be conducted with respect to firms engaged in the offer or sale of the exchange's option products in the United States; (3) the arrangements for United States customers to redress grievances with respect to matters directly pertaining to the conduct of trading or other activities relevant to the offer or sale of such products; and (4) the regulatory environment in which the options are traded.

In formulating a regulatory program to govern the offer and sale of foreign futures and option products to United States customers, the Commission, among other things, considers the potential extraterritorial impact of such a program and the desirability of avoiding duplicative regulation of firms engaged in international business. Based upon these considerations, the Commission, as set forth in Commission rule 30.10, determined to permit persons located outside the United States and subject to a comparable regulatory structure in the jurisdiction in which they are located to seek an exemption from certain of the requirements imposed by the Part 30 rules based upon substituted compliance with the comparable regulatory requirements imposed by the foreign jurisdiction.

In issuing orders under rule 30.10, the Commission evaluates whether the

⁴ 52 FR 28980 (August 5, 1987). Notwithstanding the prohibition in Commission rule 30.3(a), nondomestic exchange-traded options which are traded pursuant to the trade option exemption in Commission rule 32.4(a), 17 CFR 32.4(a), may continue to be offered and sold.

⁵ 51 FR 12104, 12105 (April 8, 1986).