

month to the business day preceding the last five trading days of the expiring month. The speculative position limit applicable to futures positions during the last five trading days of the futures contract would remain unchanged at 300 contracts.

The CME intends to make the proposed amendments effective upon Commission approval for all existing and newly listed contract months beginning with the April 2000 contract month.

The Commission is requesting comments on the proposed amendment.

Copies of the proposed amendments will be available for inspection at the Office of the Secretariat, Commodity Futures Trading Commission, Three Lafayette Centre, 21st Street, NW, Washington, DC 20581. Copies of the proposed amendments can be obtained through the Office of the Secretariat by mail at the above address, by phone at (202) 418-5100, or via the Internet at secretary@cftc.gov.

Other materials submitted by the Exchange in support of the proposal may be available upon request pursuant to the Freedom of Information Act (5 U.S.C. 552) and the Commission's regulations thereunder (17 CFR Part 145 (1987)), except to the extent they are entitled to confidential treatment as set forth in 17 CFR 145.5 and 145.9. Requests for copies of such materials should be made to the FOI, Privacy and Sunshine Act Compliance Staff at the Office of Secretariat at the Commission's headquarters in accordance with 17 CFR 145.7 and 145.8.

Any person interested in submitting written data, views, or arguments on the proposed amendments, or with respect to other materials submitted by the Exchange, should send such comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 21st Street, NW, Washington, DC 20581 by the specified date.

Issued in Washington, DC, on January 14, 2000.

Richard Shilts,

Acting Director.

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COMMODITY FUTURES TRADING COMMISSION

RIN 3038-ZA06

The Chicago Mercantile Exchange's Proposal To Establish a Cross-Margining Program With the London Clearing House

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of proposed rule amendments of the Chicago Mercantile Exchange to implement cross-margining with the London Clearing House.

SUMMARY: The Chicago Mercantile Exchange ("CME" or "Exchange") has submitted to the Commodity Futures Trading Commission ("Commission") proposed rule amendments that would establish a "two-pot" cross-margining program between the CME and the London Clearing House ("LCH"). The program would permit participants to cross-margin their positions at the CME Clearing House and LCH while holding those positions at each clearing house in separate accounts.

Acting pursuant to the authority delegated by Commission Regulation 140.96(b), the Division of Trading and Markets ("Division") has determined to publish the CME's proposal for public comment. The Division believes that publication of the proposal is in the public interest and will assist the Commission in considering the views of interested persons.

DATES: Comments must be received on or before February 8, 2000.

ADDRESSES: Comments should be submitted to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581. Comments also may be sent by facsimile to (202) 418-5221 or by electronic mail to secretary@cftc.gov. Reference should be made to "Chicago Mercantile Exchange's Proposal To Establish A Cross-Margining Program With the London Clearing House."

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

SUPPLEMENTARY INFORMATION:

I. Background

On October 22, 1999, CME submitted to the Commission proposed rule amendments that would set forth a framework for the establishment of guaranteed cross-margining programs

with other clearing organizations. These proposed rule amendments were submitted by CME in anticipation of its plan to establish a cross-margining program with LCH,¹ based on an electronic trading link between CME and the London International Financial Futures Exchange ("LIFFE").² All transactions executed at LIFFE are cleared by LCH. Because the October 22, 1999 submission lacked certain details regarding specifics of the CME-LCH program, CME agreed to allow the Commission to stay its review of the proposal until providing the Commission with such details. On December 27, 1999, CME submitted additional materials to the Commission, including a letter summarizing the proposal; a "Cross-Margining Agreement" between the CME, LCH and LIFFE; a copy of the "Cross-Margining Participant Agreement" for clearing members participating in the Cross-Margining Program; an opinion of outside counsel regarding the cross-border bankruptcy implications of the program's payment guaranty provision;³ and an overview of the proposal's loss-sharing arrangement.

II. Description of the Proposed Cross-Margining Program

Under the program, CME clearing members that either (1) are clearing

¹ The proposed amendments involve CME Rules 802 and 830. Amended CME Rule 830 would, as proposed, add definitions distinguishing between a "Joint Cross-Margining Program," also known as the "one-pot" approach, and a "Guaranteed Cross-Margining Program," also known as the "two-pot" approach. Both of these approaches are described *infra*. Amendments to CME Rule 830 would also, among other things, delineate which Exchange members are eligible to participate in a guaranteed cross-margining program. Amended CME Rule 802, as proposed, would mandate how the obligations of a cross-margining program participant would be discharged in the event of default.

² CME submitted the proposed CME-LIFFE link to the Commission by letters dated November 23, 1999 and December 14, 1999. The Division informed CME that the CME-LIFFE link could become effective without prior Commission approval, pursuant to Commission Regulation 1.41(c), by letter dated December 21, 1999. In brief, the program permits individuals and firms with access to CME Globex terminals to obtain cross-exchange access through Globex to the contracts listed by LIFFE on LIFFE's electronic trading system, CONNECT, provided they are approved by LIFFE as members (pursuant to a fast-track procedure), affiliate with a clearing member of LCH to clear trades made in LIFFE contracts, and agree to abide by LIFFE rules. Likewise, individuals and firms with access to LIFFE CONNECT could obtain cross-exchange access through CONNECT to the contracts listed by CME on Globex, provided they are LIFFE members identified to CME, affiliate with a clearing member of CME to clear trades made in CME contracts, and agree to abide by the Globex trading rules of CME.

³ The Division verbally requested a document of this nature during an August 19, 1999 meeting with representatives from CME.

members at both LCH and LIFFE, or (2) have affiliates that are clearing members at both LCH and LIFFE,⁴ would be eligible to cross-margin proprietary positions that they maintain in Euro Euribor and Euro Libor futures and option contracts at LIFFE and Eurodollar futures and option contracts at CME. This program would take the "two-pot" approach to cross-margining, whereby performance bond and positions of participants are held in separate accounts by the CME Clearing House and by LCH, rather than a "one-pot" approach in which cross-margined positions and performance bond are maintained by the participating clearing organizations in jointly-held accounts. The CME Clearing House and LCH, by the terms of the Cross-Margining Agreement, would calculate daily the amount that each participant in the program could, with cross-margining, reduce its margin levels at LCH and CME. LCH and the CME Clearing House would then provide each other with cross-guaranties in the amount of the associated margin reductions to protect each clearing organization in the event of default by a clearing member of the other clearing organization. CME's proposal is unique in that, unlike the "two-pot" guaranteed cross-margining arrangement between the Government Securities Clearing Corporation and the New York Clearing Corporation ("NYCC") recently deemed approved by the Commission,⁵ the current proposal raises issues of transnational insolvency which have not been previously considered in the cross-margining context.

III. Request for Comment

The Commission requests comment from interested persons concerning any aspect of CME's proposed cross-margining program. The Commission is especially interested in comments regarding the cross-border bankruptcy aspects of this proposal.

Copies of CME's proposed rule amendments and certain other materials are available for inspection at the Office of the Secretariat, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581. Copies of the proposed amendments and related materials may also be obtained through the Office of the Secretariat by mail at the above address, by telephone at (202) 418-5100, or by electronic mail at secretary@cftc.gov. Other materials

⁴ All LIFFE clearing members must also be members of LCH.

⁵ July 2, 1999, letter to George F. Haase, Jr., NYCC President, from David P. Van Wagner, Associate Director of the Division of Trading and Markets.

submitted by CME may be available upon request pursuant to the Freedom of Information Act, 5 U.S.C. § 552, and the Commission's regulations thereunder, 17 CFR § 145 (1987), except to the extent they are entitled to confidential treatment as set forth in 17 CFR §§ 145.5, 145.9. Requests for copies of such materials should be made to the FOIA, Privacy Act, and Sunshine Act Compliance Staff of the Office of Secretariat at the Commission's headquarters in accordance with 17 CFR §§ 145.7, 145.8.

Issued in Washington, D.C. on January 14, 2000 by the Commission.

Alan L. Seifert,

Deputy Director.

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CONSUMER PRODUCT SAFETY COMMISSION

[CPSC Docket No. 00-C0004]

Lancaster Colony Corporation; Provisional Acceptance of a Settlement Agreement and Order

AGENCY: Consumer Product Safety Commission

ACTION: Notice.

SUMMARY: It is the policy of the Commission to publish settlements which it provisionally accepts under the Consumer Product Safety Act in the Federal Register in accordance with the terms of 16 CFR 1118.20(e). Published below is a provisionally-accepted Settlement Agreement Lancaster Colony Corporation, a corporation, containing a civil penalty of \$150,000.

DATES: Any interested person may ask the Commission not to accept this agreement or otherwise comment on its contents by filing a written request with the Office of the Secretary by February 8, 2000.

ADDRESSES: Persons wishing to comment on this Settlement Agreement should send written comments to the Comment 00-C0004, Office of the Secretary, Consumer Product Safety Commission, Washington, D.C. 20207.

FOR FURTHER INFORMATION CONTACT: Ronald G. Yelenik, Trial Attorney, Office of Compliance and Enforcement, Consumer Product Safety Commission, Washington, D.C. 20207; telephone (301) 504-0626, 1351.

SUPPLEMENTARY INFORMATION: The text of the Agreement and Order appears below.

Dated: January 18, 2000.

Sadye E. Dunn,

Secretary.

[FR Doc. 00-1563 Filed 1-21-00; 8:45am]

BILLING CODE 6355-01-M

CONSUMER PRODUCT SAFETY COMMISSION

[CPSC Docket NO. 00-C0004]

Lancaster Colony Corporation, a Corporation; Settlement Agreement and Order

1. This Settlement Agreement and Order, entered into between Lancaster Colony Corporation, a corporation (hereinafter, "Lancaster Colony" or "Respondent"), and the staff of the Consumer Product Safety Commission (hereinafter, "staff"), pursuant to the procedures set forth in 16 C.F.R. § 1118.20, is a compromise resolution of the matter described herein, without a hearing or determination of issues of law and fact.

The Parties

2. The staff is the staff of the Consumer Product Safety Commission (hereinafter, "Commission"), an independent federal regulatory agency of the United States government, established by Congress pursuant to section 4 of the Consumer Product Safety Act (hereinafter, "CPSA"), as amended, 15 U.S.C. § 2053.

3. Respondent Lancaster Colony is a corporation organized and existing under the laws of the State of Ohio with its principal corporate offices located in Columbus, Ohio. Lancaster Colony has an operating division named Candle-lite located in Cincinnati, Ohio, which manufactures and sells candles.

Staff Allegations

4. Section 15(b) of the CPSA, 15 U.S.C. § 2064(b), requires a manufacturer of a consumer product who, *inter alia*, obtains information that reasonably supports the conclusion that the product contains a defect which could create a substantial product hazard or creates an unreasonable risk of serious injury or death, to immediately inform the Commission of the defect or risk.

5. Between August 1995 and February 1996, Lancaster Colony through its Candle-lite division, manufactured and sold nationwide, approximately three million Clearfire De-lite Candles (hereinafter the "Candles" or the "product"). A candle is a "consumer product" and Lancaster Colony is a "manufacturer" of a "consumer product," which is "distributed in