

**SUPPLEMENTARY INFORMATION:**

**Authority:** Section 204 of the Agricultural Act of 1956, as amended (7 U.S.C. 1854); Executive Order 11651 of March 3, 1972, as amended.

The current limits for certain categories are being adjusted, variously, for carryover, carryforward, swing and special shift.

A description of the textile and apparel categories in terms of HTS numbers is available in the

**CORRELATION:** Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States (see **Federal Register** notice 62 FR 66057, published on December 17, 1997). Also see 62 FR 65246, published on December 11, 1997.

**Troy H. Cribb,**

*Chairman, Committee for the Implementation of Textile Agreements.*

**Committee for the Implementation of Textile Agreements**

October 23, 1998.

Commissioner of Customs,

*Department of the Treasury, Washington, DC 20229.*

Dear Commissioner: This directive amends, but does not cancel, the directive issued to you on December 5, 1997, as amended on May 1, 1998, by the Chairman, Committee for the Implementation of Textile Agreements. That directive concerns imports of certain cotton, wool, man-made fiber, silk blend and other vegetable fiber textiles and textile products, produced or manufactured in Thailand and exported during the period January 1, 1998 through December 31, 1998.

Effective on October 29, 1998, you are directed to adjust the limits for the following categories, as provided for under the Uruguay Round Agreement on Textiles and Clothing:

Category	Adjusted twelve-month limit <sup>1</sup>
Levels in Group I	
218 .....	18,340,776 square meters.
313-O <sup>2</sup> .....	15,863,433 square meters.
315-O <sup>3</sup> .....	37,387,234 square meters.
363 .....	23,271,968 numbers.
Sublevels in Group II	
331/631 .....	1,842,210 dozen pairs.
334/634 .....	735,365 dozen.
335/635/835 .....	444,224 dozen.
340 .....	322,227 dozen.
345 .....	340,129 dozen.
438 .....	19,817 dozen.
645/646 .....	351,694 dozen.

<sup>1</sup> The limits have not been adjusted to account for any imports exported after December 31, 1997.

<sup>2</sup> Category 313-O: all HTS numbers except 5208.52.3035, 5208.52.4035 and 5209.51.6032.

<sup>3</sup> Category 315-O: all HTS numbers except 5208.52.4055.

The Committee for the Implementation of Textile Agreements has determined that these actions fall within the foreign affairs exception of the rulemaking provisions of 5 U.S.C. 553(a)(1).

Sincerely,

Troy H. Cribb,

*Chairman, Committee for the Implementation of Textile Agreements.*

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**COMMODITY FUTURES TRADING COMMISSION**

**Chicago Mercantile Exchange: Proposed Amendments to the Cash Settlement Provisions of the CME Russian Ruble Futures Contract**

**AGENCY:** Commodity Futures Trading Commission.

**ACTION:** Notice of availability of proposed amendments to the terms and conditions of commodity futures contract.

**SUMMARY:** The Chicago Mercantile Exchange (CME or Exchange) has submitted proposed amendments related to the cash settlement provisions of its Russian ruble futures contract. Under the proposal, the CME would no longer base the cash settlement price of the Russian Ruble futures contract on the reciprocal of the daily rubles per dollar spot exchange rate as determined by the Moscow Interbank Currency Exchange (MICEX). Rather, the CME would base the cash settlement price on two surveys performed by the CME clearing house at random times on the last day of trading. The survey procedure would be similar to the procedure used for the daily survey that, under current rules, is used as a backup procedure for cash settlement of the Russian ruble futures contract.

The Commission has determined that publication of the proposal for comment is in the public interest, will assist the Commission in considering the views of interested persons, and is consistent with the purpose of the Commodity Exchange Act.

**DATES:** Comments must be received on or before November 13, 1998.

**ADDRESSES:** Interested persons should submit their views and comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW Washington, DC 20581. In addition, comments may be sent by facsimile transmission to facsimile number (202) 418-5521, or by electronic mail to secretary@cftc.gov. Reference should be

made to the proposed amendments to the CME Russian Ruble futures contract.

**FOR FURTHER INFORMATION CONTACT:**

Please contact Michael Penick of the Division of Economic Analysis, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, 20581, telephone (202) 418-5279. Facsimile number: (202) 418-5527. Electronic mail: mpenick@cftc.gov

**SUPPLEMENTARY INFORMATION:** Under current rules for the CME ruble futures contract, the cash settlement price is the reciprocal of the spot rate of Russian rubles per US dollar determined by the Moscow Interbank Currency Exchange on the last day of trading. In the event that MICEX does not determine and/or disseminate that spot exchange rate on the last trading day, CME rules provide for a "backup" procedure to establish an alternative cash settlement price. That price is based on the results of a daily survey by the CME of Russian ruble-US dollar interbank market participants.

Under the backup procedure, the CME surveys at least twelve financial institutions that are active participants in the spot and/or non-deliverable forward markets. At 11:00 a.m. Moscow time, each participant is asked for its perception of the prevailing bid and the prevailing offer for a typically sized Russian ruble per US dollar spot transaction in the Moscow marketplace. If the CME receives more than eight responses, eight institutions are randomly selected for use in the rate calculation. The midpoint of each of the eight bid/offer pairs is determined, and the highest two and the lowest two midpoints are eliminated. The remaining four midpoints are averaged, and the reciprocal of that average is the daily rate, which could be used as the final settlement price, as noted above. If the CME is unable to obtain eight responses, but is able to obtain at least five responses, then the CME determines the midpoint of each bid/offer pair, eliminates the highest and the lowest midpoint, and averages the remaining midpoints. The reciprocal of that average is the final settlement price. If fewer than five responses are received, then the CME would invoke its emergency provisions to settle the expiring contract.

Under the proposal, the CME would modify the cash settlement provisions by removing reference to the MICEX spot exchange rate and by establishing a new survey procedure for deriving a ruble/dollar exchange rate for cash settlement. Specifically, the CME would perform two surveys of financial institutions at randomly selected times

during MICEX's afternoon System for Electronic Trading (SELT) session for transactions between commercial banks (currently conducted between 12:00 noon and 4:30 p.m. Moscow time) on each Moscow business day.<sup>1</sup> The rubles per dollar exchange rate would be calculated for each of the two daily surveys, generally using the same methodology described above for the single survey in the current backup procedure (including the number of survey participants and the elimination of high and low midpoints). The final settlement price would be the reciprocal of the average of the two rubles-per-dollar exchange rates calculated from the two surveys on the last trading day.

During each survey, the CME would ask participants for two separate rubles per dollar exchange rates as well as an overnight interbank ruble interest rate. Those two rubles per dollar exchange rates would be a "today rate" (the exchange rate for same-day settlement) and a "tomorrow rate" (the exchange rate for settlement on the next Moscow business day).<sup>2</sup> In its calculation of the final settlement price, the CME would use the today rate from each participant that provides a today rate. If any participant provides a tomorrow rate and overnight interest rate, but not a today rate, the CME would calculate an "implied today rate" for such participants. The implied today rate is calculated using the interest rate parity relation based on the tomorrow rate, the overnight ruble interest rate, and the federal funds overnight U.S. dollar interest rate.<sup>3</sup> Thus, under the proposal, the result of any single survey (and, thus, the cash settlement price) could consist of a mixture of actual and implied today rates.

In the event that the CME were unable to complete both daily surveys on the last trading day, the CME would calculate the final settlement price based on two surveys, performed under the same procedures, conducted on the Moscow business day following the last trading day. If the CME were also unable to complete two surveys on the second day, then the final settlement price would be based on the survey results from the most recent business day prior

to the last trading day on which two surveys were successfully completed.

The CME proposes to implement the proposed amendments to the cash settlement provisions immediately upon Commission approval. Specifically, the amendments would apply to all currently listed contract months with open interest. The last such contract is the June 1999 contract. The CME delisted existing contract months with no open interest on October 7, 1998, and has suspended the listing of additional contract months. The Commission would review pursuant to Commission Regulation 1.41 any proposal by the CME to list additional months in the Russian ruble futures contract.

The Commission requests comment on the proposed changes and the proposal to apply those amendments to existing positions and the currently listed contract months. The Commission specifically requests comment on whether the survey procedure will result in a cash settlement price that is reflective of the underlying cash market and otherwise meets the standards of the Commission's Guideline No. 1.<sup>4</sup> In that regard, the Commission notes that the CME survey procedure is designed to obtain an exchange rate for same-day settlement during the afternoon MICEX session and that trading for same-day settlement is not currently permitted during that MICEX session. The Commission also requests comment on whether the CME procedure will result in a cash settlement price that is not readily susceptible to manipulation or distortion in light of the degree of liquidity of the Russian ruble market. Specifically, will the procedures used by the CME, including setting the cash settlement price based on two surveys conducted at random times, tend to prevent market participants from influencing the cash settlement price? Finally, in the current environment and given the proposed cash settlement provisions, can the Russian ruble contract be used for hedging or price discovery?

Copies of the proposed amendments will be available for inspection at the Office of the Secretariat, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st St., NW, Washington, D.C. 20581. Copies of the proposed amendments can be obtained through the Office of the Secretariat by mail at the above address or by phone at (202) 418-5100.

<sup>4</sup>The Commission's Guideline No. 1 (17 CFR Part 5, Appendix A §(a)(2)(iii)) requires, for cash settled contracts, that the cash price series must be reflective of the underlying cash market and be reliable, acceptable, publicly available, and timely and not readily susceptible to manipulation.

Other materials submitted by the 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 Part 145 (1987)), except to the extent they are entitled to confidential treatments 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 of the Office of the 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 CME, should send such comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st St., NW, Washington, DC 20581 by the specified date.

Issued in Washington, DC, on October 23, 1998.

**Jean A. Webb,**

*Secretary of the Commission.*

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## DEPARTMENT OF DEFENSE

### Department of the Army

#### **BRAC 95 Final Environmental Assessment Disposal and Reuse of the Irwin Annex Site of the Charles E. Kelly Support Facility, Oakdale, PA**

**AGENCY:** Department of the Army, DoD.

**ACTION:** Notice of availability.

**SUMMARY:** In accordance with Pub. L. 101-510 (as amended), the Defense Base Closure and Realignment Act of 1990, the Defense Base Closure and Realignment Commission recommended the closure of two parcels at the Charles E. Kelly Support Facility, Oakdale, Pennsylvania.

The Final Environmental Assessment (EA) evaluates the environmental impacts of the disposal and subsequent reuse of one of the two parcels (the approximately 19 acre Irwin Annex property) located in Westmoreland County. Alternatives examined in the EA include encumbered disposal of the property, unencumbered disposal of the property, and no action. Encumbered disposal refers to transfer or conveyance of property having restrictions on subsequent use as a result of any Army-imposed or legal restraint. Under the no action alternative, the Army would not dispose of property but would maintain

<sup>1</sup> According to Bloomberg Business News, on October 6, 1998, MICEX implemented two daily trading sessions—a morning session for importers and exporters and an afternoon session for transactions between commercial banks.

<sup>2</sup> After the afternoon MICEX session, trading is currently allowed only for settlement on the next Moscow business day.

<sup>3</sup> In this case, the tomorrow rate and overnight ruble interest rate used would be average rates calculated from the daily survey results. The federal funds rate would be obtained from Telerate.