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Manager, Air Traffic Division, Eastern Region.

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COMMODITY FUTURES TRADING COMMISSION

17 CFR Parts 34 and 35

Concept Release Concerning Over-the-Counter Derivatives

AGENCY: Commodity Futures Trading Commission.

ACTION: Concept release; withdrawal.

SUMMARY: On May 12, 1998, the Commission issued a concept release reexamining its approach to the over-the-counter derivatives market. The Commission has decided to withdraw the concept release.

FOR FURTHER INFORMATION CONTACT: Jean A. Webb, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Center, 1155 21st Street, NW, Washington, DC 20581, (202) 418-5100.

SUPPLEMENTARY INFORMATION: The Commodity Futures Trading Commission issued a concept release concerning over-the-counter derivatives on May 12, 1998 (63 FR 26114). In light of the comments received, the Commission has determined to withdraw the concept release from further consideration.

Issued in Washington, DC on November 17, 1999 by the Commission.

Jean A. Webb,

Secretary of the Commission.

Concurring Remarks of Commissioner Spears Withdrawal of Concept Release on Over-the-Counter Derivatives

The Commission's May 1998 Concept Release on Over-the-Counter Derivatives has been widely perceived, both within the derivatives industry and among other financial regulators, as indicating an intent to expand the Commission's regulatory reach with respect to OTC derivatives. In view of that perception and any legal uncertainty it may have created, I agree to withdrawal of the Concept Release. However, as one of the Commissioners who signed off on issuing the Concept Release, I also wish to make clear my intent in originally approving publication of that document.

The Concept Release was published in May of 1998. At that time, five years had passed since the last major Commission action involving OTC

derivatives (the 1993 swaps, hybrids and energy exemptions). As noted in the Release's preamble, the OTC derivatives market had experienced a number of significant changes during that five-year period. In light of those changes, I viewed the Release strictly as an appropriate information gathering document. Thus, as stated in the preamble, the Release was published in hopes that the comments received would " * * * constitute an important source of relevant data and analysis that [would] assist [the Commission] in determining whether its current regulatory approach continues to be appropriate or requires modification." ¹ More importantly, the preamble also clearly states:

The Commission has *no preconceived result in mind*. The Commission is open both to evidence in support of easing current restrictions and evidence indicating a need for additional safeguards. The Commission also welcomes comment on the extent to which certain matters are being or can be adequately addressed through self-regulation * * * ² [emphasis supplied]

Concurring Remarks of Commissioner Erickson

I concur with the Commission's decision to withdraw the Concept Release on Over-the-Counter Derivatives because, in my view, the document has been rendered moot by subsequent events. The Commission published the Concept Release in May 1998, it asked the public to comment on a number of questions, and the public did so. No rules or orders were proposed and nothing related to the Concept Release currently is pending before the Commission. Moreover, representatives of the four federal financial regulators that comprise the President's Working Group on Financial Markets stated that they would use the comments received by the Commission to inform their study of OTC derivatives. I assume the public comments assisted the Working Group in preparing its report, which was issued on November 9, 1999.

I am concerned, however, about the potential precedent established by today's Commission action for future Commission actions, future Commissions, and, more broadly, for other federal agencies. I have reviewed 31 comment letters submitted to the Commission in response to the Concept Release and have examined related testimony given by various interested parties before several House and Senate committees. I am struck by the fact that despite the opposition the release

provoked in some segments of the industry and among other regulators, nothing I saw cast any doubt on the substantive validity of the questions themselves. In fact, it seems to me that the Concept Release framed many of the issues we are currently discussing and, I believe, sparked the current dialogue regarding whether our existing regulatory structure fits today's financial markets.

I am not willing to concede that it was wrong for the Commission to ask questions about the application of its existing regulations in an evolving market. In fact, I believe it is our duty as an agency to constantly examine and re-examine the vitality and effectiveness of our regulatory scheme, and we should not be expected to defer to anyone else in fulfilling this duty. I am troubled that on a going-forward basis, the Commission may feel obliged to delegate to others its judgment about what kinds of questions are acceptable to ask about its own regulations.

Nonetheless, I am hopeful that through today's action this Commission will rededicate itself to addressing the derivatives industry issues unique to our time.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 120

[Docket No. 97N-0511]

RIN 0910-AA43

Hazard Analysis and Critical Control Point (HACCP); Procedures for the Safe and Sanitary Processing and Importing of Juice; Availability of New Data and Information and Reopening of Comment Period

AGENCY: Food and Drug Administration, HHS.

ACTION: Proposed rule; reopening of comment period.

SUMMARY: The Food and Drug Administration (FDA) is reopening to January 24, 2000, the comment period for the proposal to require the application of hazard analysis and critical control point (HACCP) principles to the processing of fruit and vegetable juices and juice products (the juice HACCP proposal) that published in the **Federal Register** of April 24, 1998 (63 FR 20450). The agency is reopening the comment period for the juice

¹ 63 FR 26114, May 12, 1998.

² *Id.*