



Monday
April 27, 1998

Part XLVIII

**Commodity Futures
Trading Commission**

Semiannual Regulatory Agenda

COMMODITY FUTURES TRADING COMMISSION (CFTC)

COMMODITY FUTURES TRADING COMMISSION

17 CFR Ch. I

Regulatory Flexibility Agenda

AGENCY: Commodity Futures Trading Commission.

ACTION: Semiannual regulatory agenda.

SUMMARY: The Commodity Futures Trading Commission, in accordance with the requirements of the Regulatory Flexibility Act, is publishing a semiannual agenda of significant rules which the Commission expects to propose or promulgate over the next year. The Commission welcomes comments from small entities and others on the agenda.

ADDRESSES: Comments should be sent to: Gerald P. Smith, Special Assistant to the Executive Director, Commodity Futures Trading Commission, 1155 21st Street NW., Washington, DC 20581, (202) 418-5160.

SUPPLEMENTARY INFORMATION: The Regulatory Flexibility Act, 5 U.S.C. 601 et seq. (RFA), sets forth a number of requirements for agency rulemaking. Among other things, the RFA requires that:

(a) During the months of April and October of each year, each agency shall publish in the **Federal Register** a regulatory flexibility agenda which shall contain:

(1) A brief description of the subject area of any rule which the agency expects to propose or promulgate which is likely to have a significant economic impact on a substantial number of small entities;

(2) A summary of the nature of any such rule under consideration for each subject area listed in the agenda pursuant to paragraph (1), the objectives and legal basis for the issuance of the rule, and an approximate schedule for completing action on any rule for which the agency has issued a general notice of proposed rulemaking; and

(3) The name and telephone number of an agency official knowledgeable concerning the items listed in paragraph (1). 5 U.S.C. 602(a).

The Commission has prepared an agenda of significant rules which it presently expects may be considered during the course of the next year, irrespective of their potential impact on small entities.¹ In this regard, section 602(d) of the RFA, 5 U.S.C. 602(d), provides: "Nothing in [section 602] precludes an agency from considering or acting on any matter not included in a regulatory flexibility agenda or requires an agency to consider or act on any matter listed in such agenda."

The Commission's April 1998 regulatory flexibility agenda is set forth below.

Issued in Washington, DC, on January 19, 1998, by the Commission.

Catherine D. Dixon,
Assistant Secretary of the Commission.

Proposed Rule Stage

Sequence Number	Title	Regulation Identifier Number
4053	Procedures for Involuntary Bulk Transfers or Liquidations of Customer Accounts	3038-AA77

Final Rule Stage

Sequence Number	Title	Regulation Identifier Number
4054	Prohibition on Voting by Interested Members	3038-AB03
4055	Account Identification for Orders Submitted on Behalf of Multiple Customer Accounts	3038-AB08
4056	Trade Options on the Agricultural Commodities Enumerated in the Commodity Exchange Act	3038-AB23
4057	Futures-Style Margining of Commodity Options	3038-AB25
4058	Account Identification for Eligible Bunched Orders	3038-AB26
4059	Maintenance of Minimum Financial Requirements by Futures Commission Merchants and Introducing Brokers	3038-AB27
4060	Requests for Exemptive, No-Action and Interpretative Letters	3038-AB28

¹ The Commission published its definition of small entity to be used in connection with rulemaking proceedings on April 30, 1982 (47 FR 18618). Pursuant to that definition, the Commission is not required to list many of the agenda items contained in this regulatory flexibility agenda. See 5 U.S.C. 602(a)(1). Moreover, the Commission has previously certified, pursuant to section 605 of the RFA, 5 U.S.C. 605, that certain items contained in

this agenda will not have a significant economic impact on a substantial number of small entities. Accordingly, listing of a rule in this regulatory flexibility agenda should not in any event be taken as a determination that a rule, when proposed or promulgated, will in fact require a regulatory flexibility analysis. However, the Commission hopes that the publication of an agenda, which includes significant rules, regardless of their

potential impact on small entities, may serve the public generally by providing an early and meaningful opportunity to participate in and comment on the formulation of new or revised regulations. In addition to publishing the regulatory flexibility agenda, the Commission also makes available to the public, on a monthly basis, a calendar and, on a weekly basis, an advisory, which list rules that the Commission is considering or will consider in the near future.

CFTC

Completed Actions

Sequence Number	Title	Regulation Identifier Number
4061	Distribution of Risk Disclosure Statements By Futures Commission Merchants and Introducing Brokers	3038-AB24

COMMODITY FUTURES TRADING COMMISSION (CFTC)

Proposed Rule Stage

4053. PROCEDURES FOR INVOLUNTARY BULK TRANSFERS OR LIQUIDATIONS OF CUSTOMER ACCOUNTS

Priority: Substantive, Nonsignificant
Legal Authority: 7 USC 6d; 7 USC 6f; 7 USC 6g; 7 USC 6k; 7 USC 12a
CFR Citation: 17 CFR 1.68
Legal Deadline: None
Abstract: The CFTC will undertake a rulemaking proceeding to establish requirements concerning procedures to be followed by futures commission

merchants and introducing brokers when bulk transfers or liquidations of customer accounts are made due to cessation or suspension of business or other special circumstances affecting the registrant. Issues to be addressed include whether commissions or fees can be charged to customers if their accounts are transferred other than at their request.

Timetable:

Action	Date	FR Cite
NPRM	05/00/98	

Action	Date	FR Cite
NPRM Comment Period End	07/00/98	

Small Entities Affected: Undetermined
Government Levels Affected: None
Agency Contact: Lawrence B. Patent, Associate Chief Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW., Washington, DC 20581
 Phone: 202 418-5439
RIN: 3038-AA77

COMMODITY FUTURES TRADING COMMISSION (CFTC)

Final Rule Stage

4054. PROHIBITION ON VOTING BY INTERESTED MEMBERS

Priority: Other Significant
Legal Authority: 7 USC 7a(a)(17)
CFR Citation: 17 CFR 1.69
Legal Deadline: None
Abstract: The regulation will implement the provisions of section 217 of the Futures Trading Practices Act of 1992, which require contract markets to adopt rules to avoid conflicts of interest in deliberations and voting by members of the governing board and disciplinary and other oversight committees. The rulemaking will define the relationships between a named party in interest and a member of the governing board or committee that would require abstention from deliberations and voting. The rulemaking will also provide guidelines on situations that would require a member to abstain from voting on a significant action because of a substantial financial interest in the outcome of the vote, based on positions held personally or at an affiliated firm, as well as on other matters addressed by the statute. The action potentially

impacts the selection and composition of contract market governing boards and committees.

Timetable:

Action	Date	FR Cite
NPRM	01/23/98	63 FR 3492
NPRM Comment Period End	02/22/98	
Final Action	05/00/98	

Small Entities Affected: None
Government Levels Affected: None
Agency Contact: David P. Van Wagner, Special Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, 1155 21st Street NW., Washington, DC 20581
 Phone: 202 418-5481
RIN: 3038-AB03

Legal Deadline: None
Abstract: These rule amendments permit consolidated futures orders for multiple accounts to be placed and executed on contract markets without individual customer identification at time of entry or execution. Depending on the accounts, the person placing the order would identify accounts and either pre-file an allocation plan or certify certain facts.

Timetable:

Action	Date	FR Cite
NPRM	05/03/93	58 FR 26270
NPRM Comment Period End	06/17/93	
Final Action	11/00/98	
Final Action Effective	12/00/98	

Small Entities Affected: None
Government Levels Affected: None
Additional Information: Paragraph 1.35(a-1)(5) of the proposed regulation was withdrawn effective June 9, 1997 and replaced by the Commission's notice of Interpretation and Approval Order published in the Federal Register on May 9, 1997. 62 FR 25470. Paragraph 1.35 (a-1)(6) was withdrawn

4055. ACCOUNT IDENTIFICATION FOR ORDERS SUBMITTED ON BEHALF OF MULTIPLE CUSTOMER ACCOUNTS

Priority: Substantive, Nonsignificant
Legal Authority: 7 USC 7; 7 USC 7a; 7 USC 7b; 7 USC 8; 7 USC 12a; 7 USC 12c
CFR Citation: 17 CFR 1.35

CFTC

Final Rule Stage

effective January 7, 1998 and replaced with proposed paragraph 1.35 (a-1)(5) in the Commission's proposed rule amendment published in the Federal Register on January 7, 1998.

Agency Contact: Duane C. Andresen, Special Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, 1155 21st Street NW., Washington, DC 20581
Phone: 202 418-5492

RIN: 3038-AB08

4056. TRADE OPTIONS ON THE AGRICULTURAL COMMODITIES ENUMERATED IN THE COMMODITY EXCHANGE ACT

Priority: Other Significant

Legal Authority: 7 USC 1a; 7 USC 2; 7 USC 4; 7 USC 6c; 7 USC 12a

CFR Citation: 17 CFR 3; 17 CFR 32; 17 CFR 33

Legal Deadline: None

Abstract: In this action, the Commission issued proposed rules to lift the prohibition on the offer or sale of off-exchange trade options on the agricultural commodities enumerated in the Commodity Exchange Act subject to specified regulatory conditions pursuant to a three-year pilot program.

Timetable:

Action	Date	FR Cite
ANPRM	06/09/97	62 FR 31375
Notice of Public Meetings	06/19/97	62 FR 33379
NPRM	11/04/97	62 FR 59624
NPRM Comment Period End	12/04/97	
Final Action	05/00/98	

Small Entities Affected: Undetermined

Government Levels Affected: Undetermined

Agency Contact: Paul M. Architzel, Chief Counsel, Division of Economic Analysis, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW., Washington, DC 20581
Phone: 202 418-5260
Fax: 202 418-5527

RIN: 3038-AB23

4057. • FUTURES-STYLE MARGINING OF COMMODITY OPTIONS

Priority: Substantive, Nonsignificant

Unfunded Mandates: Undetermined

Legal Authority: 7 USC 2a; 7 USC 6b; 7 USC 6c; 7 USC 12a

CFR Citation: 17 CFR 1.55; 17 CFR 33.7; 17 CFR 33.4(a)(2)

Legal Deadline: None

Abstract: The Commission is proposing to repeal Commission Regulation 33.4(a)(2) which requires the full, up-front payment of commodity option premiums. The effect of the repeal would be to permit the futures-style margining of commodity options traded on regulated futures exchanges. Futures-style margining offers several potential benefits over the current margining system including the possibility for more efficient cash flows across markets.

Timetable:

Action	Date	FR Cite
NPRM	12/19/97	62 FR 66569
NPRM Comment Period End	02/02/98	
Final Action	05/00/98	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Thomas Smith, Attorney-Advisor, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1121 21st Street NW., Washington, DC 20581
Phone: 202 418-5495
Fax: 202 418-5536
Email: tsmith@cftc.gov

RIN: 3038-AB25

4058. • ACCOUNT IDENTIFICATION FOR ELIGIBLE BUNCHED ORDERS

Priority: Substantive, Nonsignificant

Legal Authority: 7 USC 7; 7 USC 7a; 7 USC 7b; 7 USC 8; 7 USC 12a; 7 USC 12c

CFR Citation: 17 CFR 1.35

Legal Deadline: None

Abstract: The proposed amendment would permit certain customer orders (eligible orders) to be placed on a regulated futures exchange without individual customer account identification either at the time of order placement or at the time of report of execution. The proposal would exempt from existing order ticket customer account identification requirements bunched orders and/or futures option orders placed by a regulated investment manager on behalf of consenting

eligible customer accounts as part of its management of a portfolio also containing instruments which are either exempt from regulation pursuant to the Commission's regulations or excluded from regulation under the Commodity Exchange Act. The proposal would permit eligible orders to be allocated to the included customer accounts no later than the end of the day on which the order is executed.

Timetable:

Action	Date	FR Cite
NPRM	01/07/98	63 FR 395
NPRM Comment Period End	03/09/98	
Final Action	10/00/98	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Duane C. Andresen, Special Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW., Washington, DC 20581
Phone: 202 418-5490
Fax: 202 418-5536
Email: dandresen@cftc.gov

RIN: 3038-AB26

4059. • MAINTENANCE OF MINIMUM FINANCIAL REQUIREMENTS BY FUTURES COMMISSION MERCHANTS AND INTRODUCING BROKERS

Priority: Substantive, Nonsignificant

Legal Authority: 7 USC 6f; 7 USC 6g; 7 USC 12a(5)

CFR Citation: 17 CFR 1.12

Legal Deadline: None

Abstract: The Commission is proposing to require immediate notification by a futures commission merchant to the Commission and its designated self-regulatory organization when it knows or should know that it is in an undersegregated or undersecured condition: i.e., the firm has insufficient funds in accounts segregated for the benefit of customers trading on U.S. contract markets or has insufficient funds set aside for customers trading on no-U.S. markets to meet the firm's obligations to customers. The Commission is also proposing to require immediate notification of certain events pertaining to undercapitalization or failure to satisfy margin calls, where notice is currently required within 24 hours. The

CFTC

Final Rule Stage

Commission also proposes to codify a previous staff interpretation that permits notices to be filed by facsimile in addition to telegraphic means and to require telephonic notice as well.

Timetable:

Action	Date	FR Cite
NPRM	01/14/98	63 FR 2188
NPRM Comment Period End	03/16/98	
Final Action	08/00/98	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Lawrence B. Patent, Associate Chief Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW., Washington, DC 20581
Phone: 202 418-5439

RIN: 3038-AB27

4060. • REQUESTS FOR EXEMPTIVE, NO-ACTION AND INTERPRETATIVE LETTERS

Priority: Info./Admin./Other

Legal Authority: 7 USC 7a(j); 7 USC 12a

CFR Citation: 17 CFR 140.99

Legal Deadline: None

Abstract: The Commission has proposed a rule to establish procedures for requesting issuance by Commission staff of exemptive, no-action and interpretative letters. The proposed rule would require all such requests to be in writing, setting forth all material facts, relevant authorities and public policy bases for the relief or guidance requested. Requestors would certify to accuracy of the facts and undertake to update following material changes. No requests based on hypothetical circumstances or made on behalf of unnamed persons would be granted.

Commission staff would have discretion to grant or deny requests without explanation.

Timetable:

Action	Date	FR Cite
NPRM	01/22/98	63 FR 3285
NPRM Comment Period End	03/22/98	
Final Action	07/00/98	

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Christopher W. Cummings, Special Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW., Washington, DC 20581
Phone: 202 418-5545
Fax: 202 418-5547
Email: ccummings@cftc.gov

RIN: 3038-AB28

COMMODITY FUTURES TRADING COMMISSION (CFTC)

Completed Actions

4061. DISTRIBUTION OF RISK DISCLOSURE STATEMENTS BY FUTURES COMMISSION MERCHANTS AND INTRODUCING BROKERS

Priority: Substantive, Nonsignificant

CFR Citation: 17 CFR 1.55; 17 CFR 1.65; 17 CFR 30.6; 17 CFR 33.7; 17 CFR 190.10

Completed:

Reason	Date	FR Cite
Final Action	02/20/98	63 FR 8566

Small Entities Affected: None

Government Levels Affected: None

Agency Contact: Thomas E. Joseph
Phone: 202 418-5448

Fax: 202 418-5536

RIN: 3038-AB24

[FR Doc. 98-5165 Filed 04-24-98; 8:45 am]

BILLING CODE 6351-01-F