

both within and outside of the State. Providing the public with quality potatoes which are appealing and responsive to consumer trends is necessary in order to maintain market share. This action is expected to foster increased consumption and benefit Colorado Area 2 potato growers and handlers.

Section 8e of the Agricultural Marketing Agreement Act of 1937 requires that when certain domestically produced commodities, including Irish potatoes, are regulated under a Federal marketing order, imports of that commodity must meet the same or comparable grade, size, quality, or maturity requirements. Section 8e also provides that whenever two or more marketing orders regulating a commodity produced in different areas of the United States are concurrently in effect the Secretary shall determine which of the areas produces the commodity in most direct competition with the imported commodity. Imports then must meet the quality standards set for that particular area.

In the case of potatoes, the current import regulation (§ 980.1), specifies that import requirements for long types be based on those in effect for potatoes grown in certain designated counties in Idaho, and Malheur County, Oregon (7 CFR Part 945) during each month of the marketing year. The import requirements for round white types are based on those in effect for potatoes grown in the Southeastern States from June 5 to July 31 (7 CFR Part 953), and on those in effect for potatoes grown in Colorado Area 3 for the remainder of the year (7 CFR Part 948).

The quality standards imposed upon imports of red skinned, round type potatoes are based on that type grown in Washington during the months of July and August (7 CFR Part 946). During the remainder of the year, the import requirements are based upon those in effect for potatoes grown in Colorado Area 2 (7 CFR Part 948).

Because this rule reduces the minimum size requirement for round potato varieties, and virtually all round potatoes grown in Area No. 2 are red skinned, this change is applicable to imports of red-skinned round type potatoes from September 1 to June 30 each season.

No change is required in the language of § 980.1 or § 948.386(h).

Applicability to Imports

Based on the above, the Administrator of AMS has determined that this action will not have a significant economic impact on a substantial number of small entities.

After consideration of the information and recommendation submitted by the committee, and other available information, it is hereby found that the rule as hereinafter set forth will tend to effectuate the declared policy of the Act.

It is hereby further found that good cause exists for not postponing the effective date of this action until 30 days after publication in the **Federal Register** (5 U.S.C. 533) in that the shipping season for Colorado Area 2 potatoes has already begun, and it is important that the change resulting from this rulemaking be in effect as soon as possible to be of maximum benefit to producers and handlers. Furthermore, producers and handlers of potatoes in the production area are already aware of the changes, which relax current handling requirements.

List of Subjects in 7 CFR Part 948

Marketing agreements and orders, Potatoes, Colorado.

For the reasons set forth in the preamble, 7 CFR Part 948 is amended as follows:

PART 948—IRISH POTATOES GROWN IN COLORADO

1. The authority citation for 7 CFR Part 948 continues to read as follows:

Authority: Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674.

2. Section 948.386 is amended by revising paragraph (a)(1) to read as follows:

Note.—This regulation will appear in the Code of Federal Regulations:

§ 948.386 Handling regulation.

(a) *Minimum grade and size requirements*—(1) Round varieties, U.S. No. 2, or better grade, 2 inches minimum diameter.

Dated: January 5, 1989.
Robert C. Keeney,
Deputy Director, Fruit and Vegetable Division.

[FR Doc. 89-491 Filed 1-9-89; 8:45 am]
BILLING CODE 3410-02-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") is granting an exemption to designated members of the Singapore International Monetary Exchange Limited ("SIMEX") 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 consistent with conditions specified by the Commission, as set forth herein. This Order is issued pursuant to Commission Rule 30.10, 17 CFR 30.10, which permits specified persons to file a petition with the Commission for exemption from the application of certain of the rules set forth in Part 30 and authorizes the Commission to grant such an exemption if the exemption is not otherwise contrary to the public interest or to the purposes of the provision from which exemption is sought.

EFFECTIVE DATE: February 9, 1989.

FOR FURTHER INFORMATION CONTACT: Jane C. Kang, Esq. or Lauchlan Wash, Esq., Division of Trading and Markets, Commodity Futures Trading Commission, 2033 K Street NW., Washington, DC 20581.

Telephone: (202) 254-8955.

SUPPLEMENTARY INFORMATION: The Commission has issued the following Order:

United States of America

Before the

Commodity Futures Trading Commission

Order Under CFTC Rule 30.10 Exempting Designated Members of the Singapore International Monetary Exchange Limited from the Application of Certain of the Foreign Futures and Option Rules Thirty Days after Filing of Consents and Representations by Such Members and the Regulatory or Self-Regulatory Organization, as Appropriate, to the Terms and Conditions of the Order Herein.

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, 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 products sold to customers located in the United States

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.

In formulating a regulatory program to govern the offer and sale of foreign futures and option products to United States customers, the Commission considered 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.

Appendix A to Part 30, "Interpretative Statement With Respect to the Commission's Exemptive Authority Under Section 30.10 of Its Rules" ("Appendix A"), generally sets forth the elements the Commission will evaluate in determining whether a particular regulatory program may be found to be comparable for purposes of exemptive relief pursuant to Commission Rule 30.10. 52 FR 28980, 29001. These elements include: (1) Registration, authorization or other form of licensing, fitness review or qualification of persons through whom customer orders are solicited and accepted; (2) minimum financial requirements for those persons who accept customer funds; (3) protection of customer funds from misapplication; (4) recordkeeping and reporting requirements; (5) sales practice standards; (6) procedures to audit for compliance with, and to take action against those persons who violate, the requirements of the program; and (7) information sharing arrangements between the Commission and the appropriate governmental and/or self-regulatory organization to ensure Commission access on an "as needed" basis to information essential to maintaining adequate standards of customer and market protection within the United States.

Moreover, in adopting Commission Rule 30.10, the Commission stated that no exemption of a general nature would be granted unless the persons to whom the exemption is to be applied: (1)

Consensually submit to jurisdiction in the United States by designating an agent for service of process in the United States with respect to activity subject to Part 30 and filing a copy of the agency agreement with the National Futures Association ("NFA"); (2) agree to make their books and records available in the United States to Commission and Department of Justice representatives; and (3) notify the NFA of the commencement or termination of business in the United States.¹

By letter dated January 29, 1988, SIMEX, which is regulated by the Monetary Authority of Singapore ("MAS"), petitioned the Commission for an exemption from the application of certain of the Commission's foreign futures and option rules. In support of its petition, SIMEX represented that granting such an exemption with respect to its members would not be contrary to the public interest or to the purposes of the provisions from which the exemption is sought because SIMEX and its members were subject to a regulatory scheme comparable to that imposed by the Commodity Exchange Act ("Act") and the regulations thereunder.

Based upon a review of the petition, supporting materials filed by SIMEX and the recommendation of the staff, the Commission has concluded that the standards for relief set forth in Commission Rule 30.10 and, in particular, Appendix A thereof, have generally been satisfied and that compliance with applicable Singapore law, regulations and SIMEX rules may be substituted for compliance with those sections of the Act more particularly set forth herein.

By this Order, the Commission hereby exempts, subject to specified conditions, those firms identified to the Commission as eligible for the relief granted herein from:

- Registration with the Commission;
- The separate account requirement contained in Commission Rule 30.7 17 CFR 30.7; and
- Those sections of Part I of the Commission's financial regulations that apply to foreign futures and options sold in the United States as set forth in Part 30;

based upon substituted compliance by such persons with the applicable statutes, regulations and relevant exchange rules of the SIMEX in effect in Singapore.

This determination to permit substituted compliance is based on, among other things, the Commission's finding that the regulatory scheme

¹ 52 FR 28980, 28981 and 29002.

governing the persons in Singapore who would be exempted hereunder provides:

(1) A system of licensing of firms and persons who deal in transactions subject to regulation under Part 30 that includes, for example, procedures for granting, conditioning, monitoring, suspending and revoking licenses, and provisions for requiring and obtaining access to information about licensees;

(2) Financial requirements for firms carrying customer accounts including, without limitation, a required minimum level of adjusted net capital of S\$250,000 (US\$129,075)² or 10% of the amount of customer funds required to be segregated, whichever is higher, and an early warning system requiring firms to immediately inform MAS or SIMEX, as appropriate, if such firms' adjusted net capital falls below a specified level;

(3) A system for the protection of customer funds that applies to all customers which provides for the maintenance of customer trust accounts at designated locations and in designated investments, which precludes the use of customer funds to satisfy house obligations and which mandates certified audits of accounts, augmented by a compensation fund administered by SIMEX;

(4) Recordkeeping and reporting requirements pertaining to financial and trade information including, without limitation, records of all customer transactions, monthly customer account statements, customer segregation records and discretionary account documentation;

(5) Sales practice standards for licensees which include, for example, required risk disclosures to prospective customers and prohibitions on: (a) Fraudulent and misleading practices; (b) commingling of customer funds with house funds; and (c) insider dealing and other improper trading practices;

(6) Procedures to audit for compliance with, and to redress violations of, customer protection and sales practice requirements including, without limitation, an affirmative surveillance program which monitors and enforces compliance with rules adopted with respect to fraud, bucketing, manipulation, the withholding of orders, trading ahead of or opposite customer orders, and prearranged trades, among others; and

(7) Mechanisms for sharing information with the Commission and NFA of an "as needed" basis including, without limitation, confirmation data.

² Currency is valued at .5163 United States dollar equivalent as of December 12, 1988. *The Wall Street Journal*, December 13, 1988, at C13, col. 4.

data necessary to trace funds related to trading futures and option products subject to regulation in Singapore, position data and data on firms' standing to do business and financial condition.

This Order does not provide an exemption from any provision of the Act or regulations thereunder not specified herein, for example, without limitation, the anti-fraud provision in Commission Rule 30.9, 17 CFR 30.9, or the disclosure provisions of Commission Rules 30.6 and 33.7, 17 CFR 30.6 and 33.7. Moreover, the relief granted is directed to brokerage activities by the firm licensed in Singapore on SIMEX and does not extend to rules or regulations relating to trading, directly or indirectly, on United States exchanges. For example, such a firm trading on United States markets for its own account would be subject to the large trader reporting requirement. See, e.g., 17 CFR Part 18. Similarly, if such a firm were carrying a position on a United States exchange on behalf of foreign clients, it would be subject to, among other things, the reporting requirements applicable to foreign brokers. See e.g., 17 CFR Parts 17 and 21. The relief herein is inapplicable where the firm solicits United States customers for transactions on United States markets. In that case, the firm must comply with all applicable United States laws and regulations, including the requirements to register in the appropriate capacity.

The eligibility of any firm to seek relief under this exemptive Order is subject to the following conditions:

(1) The regulatory or self-regulatory organization responsible for monitoring the compliance of such firm with the regulatory requirements described in the Rule 30.10 petition must represent in writing to the CFTC that:

(a) Each firm for which relief is sought is registered, licensed or authorized, as appropriate, and is otherwise in good standing under the standards in place in Singapore; such firm is engaged in business with customers located in Singapore as well as in the United States; and such firm would not be statutorily disqualified from registration under section 8a(2) of the Act, 7 U.S.C. 12(a)(2);

(b) It will monitor firms to which relief is granted for compliance with the regulatory requirements for which substituted compliance is accepted and will promptly notify the Commission or NFA of any change in status of a firm

which would affect its continued eligibility for the exemption granted hereunder, including the termination of its activities in the United States;

(c) All transactions on SIMEX with respect to customers resident in the United States will be made on or subject to the rules of SIMEX and the Commission will receive prompt notice of all material changes in the Singapore Futures Trading Act of 1986, Regulations thereunder and SIMEX rules;

(d) Customers resident in the United States will be provided no less stringent regulatory protection than Singapore customers under all relevant provisions of Singapore law; and

(e) It will cooperate with the Commission with respect to any inquiries concerning any activity subject to regulation under the Part 30 rules, including sharing the information specified in Appendix A to the Part 30 rules on an "as needed" basis and will use its best efforts to notify the Commission if it becomes aware of any information which in its judgment affects the financial or operational viability of a Singapore-domiciled firm doing business in the United States under the exemption granted by this order.³

(2) Each firm seeking relief hereunder must apply in writing whereby it:

(a) Consents to jurisdiction in the United States under the Act and files a valid and binding appointment of an agent in the United States for service of process in accordance with the requirements set forth in Commission Rule 30.5, 17 CFR 30.5;

(b) Agrees to provide the books and records related to transactions under Part 30 required to be maintained under the applicable statutes, regulations and SIMEX rules in effect in Singapore upon the request of any representative of the Commission or United States Department of Justice at the place in the United States designated by such representative, within 72 hours, or such lesser period of time as specified by that representative, after notice of the request;

(c) Represents that no principal of such firm would be disqualified from directly applying to do business in the United States under Section 8a(2) of the Act, 7 U.S.C. 12a(2), and notifies the Commission promptly of any change in

³ In this connection, the Commission notes that SIMEX's petition dated January 29, 1988 and related documents already address the representations required in paragraphs (1)(c), (d) and (e) of the conditions specified above.

that representation based on a change in control as generally defined in Commission Rule 3.32, 17 CFR 3.32;

(d) Discloses the identity of each subsidiary or affiliate domiciled in the United States with a related business (e.g., bank or broker/dealer affiliate) and provides brief description of such subsidiary's or affiliate's principal business in the United States;

(e) Consents to participate in any NFA arbitration program which offers a procedure for resolving customer disputes on the papers where such disputes involve representatives or activities with respect to foreign futures and option transactions under Part 30 and consents to notify all customers resident in the United States of the availability of such a program; and

(f) Undertakes to comply with the applicable provisions of Singapore law and SIMEX rules which form the basis upon which this exemption from certain provisions of the Act is granted.

This order will become effective as to any firm designated under the Commission's interim order or hereinafter designated the later of thirty days after publication of the Order in the Federal Register or after filing of the consents hereinabove required. Upon filing of the notice required under paragraph (1)(b) as to any firm, the relief granted by this Order may be suspended immediately as to that firm. That suspension will remain in effect pending further notice by the Commission, or the Commission's designee, to the firm and SIMEX and/or any applicable regulatory or self-regulatory organization.

This Order is issued pursuant to Commission Rule 30.10 based on the comparability representations made and supporting material provided to the Commission and the recommendation of the staff, and is made effective as to any firm granted relief hereunder based upon the filings and representations of such firm required hereunder. Any material changes or omissions in the facts and circumstances pursuant to which this Order is granted might require the Commission to reconsider its finding that the standards for relief set forth in Commission Rule 30.10 and, in particular, Appendix A thereof, generally have been satisfied. Further, if experience demonstrates that the continued effectiveness of this Order in general, or with respect to a particular firm, would be contrary to public policy or the public interest, or that the

systems in place for the exchange of information or other circumstances do not warrant continuation of the exemptive relief granted herein, the Commission may condition, modify, suspend, terminate, withhold as to a specific firm, or otherwise restrict the exemptive relief granted in this Order, as appropriate, on its own motion. For example, the relief granted to a specific firm may be suspended upon the firm's failure to provide relevant books and records. If necessary, provisions will be made for servicing existing client positions.

In the future, the Commission may determine that other considerations and conditions are also relevant to the determination to exempt, or to continue to exempt, specified firms from the application of the Part 30 rules generally. To this end, the Commission will continue to monitor the implementation of its program to exempt firms located in jurisdictions generally deemed to have a comparable regulatory program from the application of certain of the foreign futures and option rules.

List of Subjects in 17 CFR Part 30

Commodity futures.

Accordingly, 17 CFR Part 30 is amended as set forth below:

PART 30—FOREIGN FUTURES AND FOREIGN OPTION TRANSACTIONS

1. The authority citation for Part 30 continues to read as follows:

Authority: Secs. 2(a)(1)(A), 4, 4c and 8a of the Commodity Exchange Act, 7 U.S.C. 2, 4, 6, 6c and 12a (1982).

2. Appendix C is added to Part 30 to read as follows:

Appendix C—Foreign Petitioners Granted Relief From the Application of Certain of the Part 30 Rules Pursuant to § 30.10

Firms designated by the Sydney Futures Exchange Limited.

FR date and citation, November 7, 1988; 53 FR 44856.

Firms designated by the Singapore International Monetary Exchange Limited.

FR date and citation: January 10, 1989; 54 FR _____.

Issued in Washington, DC, on December 30, 1988.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 88-229 Filed 1-9-88; 8:45 am]

BILLING CODE 6351-01-M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 154, 157, 260, 284, 385 and 388

[Docket No. RM87-17-000]

Natural Gas Data Collection System; Availability of Record Formats and Notice of Second Implementation Conference

Issued January 4, 1989.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Notice of availability of record formats for rate, tariff and certificate filings; notice of Second Implementation Conference on Order Nos. 493, 493-A, and 493-B.

SUMMARY: On January 4, 1989, the Commission staff issued revised record formats for submitting rate filings, tariffs and certificate applications on an electronic medium. These formats are revised to respond to certain recommendations and comments submitted during and after the Order No. 493 (53 FR 15023 (Apr. 27, 1988)) implementation conference held on September 12 and 13, 1988. Additionally, the Commission staff is issuing hard copy print formats for rate filings and tariff sheets. The Commission staff also identifies minor revisions to the FERC Form Nos. 2 and 2-A record formats which were issued on October 26, 1988. Finally, Commission staff is scheduling a second implementation conference to be held on February 1 and 2, 1989. The revised formats issued with this notice will be discussed at this conference.

DATES: The revised formats are available as of January 4, 1989. The implementation conference will be held on Wednesday and Thursday, February 1 and 2, 1989, at 10:00 a.m.

ADDRESSES: The implementation conference will be held at: Hearing Room A, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426.

Requests to attend the conference, comments and questions regarding participation may be directed in writing or via telephone to: Brooks Carter, Office of Pipeline and Producer Regulation, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Room 7010, Washington, DC 20426, (202) 357-8995 or (202) 357-8844.

FOR FURTHER INFORMATION CONTACT: Brooks Carter, Office of Pipeline and Producer Regulation, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Room 7010,

Washington, DC 20426, (202) 357-8995 or (202) 357-8844.

SUPPLEMENTARY INFORMATION: Order No. 493-B, issued November 30, 1988, extended the implementation date for submitting rate filings, tariffs and certificate applications on an electronic medium from March 31, 1989 to October 31, 1989. At the implementation conference on Order Nos. 493 and 493-A, held on September 12 and 13, 1988, and in supplemental comments filed after the conference, commenters recommended numerous technical revisions to the record formats for rate, tariff and certificate filings. Staff has reviewed these comments and incorporated most of the recommended revisions in the record formats released with this notice. The technical revisions to the formats for rate, tariff and certificate filings are described in Appendices A, B, and C, respectively. In addition, certain revisions to Form Nos. 2 and 2-A omitted from the October 26, 1988 Notice of Availability of Revised Record Formats are listed in Appendix D.

Additionally, staff is releasing hard copy print formats for rate filings and tariff sheets.

Finally, staff is announcing a second implementation conference as requested by commenters. The conference will be held on February 1 and 2, 1989, and will provide representatives of natural gas companies and the public with an opportunity to discuss the revised record formats for rate, tariff and certificate filings in a public forum. Staff intends to resolve all remaining technical problems with these record formats at this conference and then issue final formats after the conference. Therefore, persons representing companies required to make rate, tariff and/or certificate filings with the Commission should be prepared to indicate whether or not the format for each record is adequate to satisfy the applicable statement or schedule content requirements for their company. If a particular format is not adequate, then participants should be prepared to propose all necessary technical additions or revisions.

In addition to publishing the text of this notice in the *Federal Register*, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this notice and the associated record formats, during normal business hours in Room 1000 at the Commission's headquarters, 825 North Capitol Street, NE., Washington, DC 20426.

This notice and the record formats for tariff and certificate filings are also available through the Commission Issuance Posting System (CIPS), an