

1995), under Section 97.23 effective June 22, 1995, which is hereby amended as follows:

Marion, IN, Marion Muni
VOR RWY 22

Change: Amdt 1 to Amdt 15.

The FAA published an amendment in Docket No. 28199, Amdt No. 1660 to Part 97 of the Federal Aviation Regulations (FR Vol 60, No. 81, Page 20625, dated April 27, 1995), under Section 97.25 effective July 20, 1995, which is hereby amended as follows:

Owensboro, KY, Owensboro Daviess County,
LOC BC RWY 18, Orig. is RESCINDED.

[FR Doc. 95-14180 Filed 6-8-95; 8:45 am]

BILLING CODE 4910-13-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"), subject to the conditions specified below, is authorizing certain option contracts traded on the MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija (the "Exchange" or "MEFF Renta Fija") to be offered or sold to persons located in the United States; and granting an exemption to designated members of the Exchange 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.

This Order is issued pursuant to Commission rule 30.3(a), 17 CFR 30.3(a), which makes it unlawful for any person to engage in the offer or sale of a foreign option product until the Commission, by order, authorizes such foreign option to be offered in the United States, and rule 30.10, 17 CFR 30.10, which allows certain persons to petition the Commission for exemption from the application of certain of the rules set forth in Part 30 and authorizes the Commission to grant such petition if the exemption is not otherwise contrary to the public interest or to the purposes of the provisions from which exemption is sought.

EFFECTIVE DATE: July 10, 1995.

FOR FURTHER INFORMATION CONTACT: Jane C. Kang, Esq., or Robert H. Rosenfeld, Esq., Division of Trading and Markets, Commodity Futures Trading

Commission, 2033 K Street, N.W.,
Washington, D.C. 20581. Telephone:
(202) 254-8955.

SUPPLEMENTARY INFORMATION: 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, 17 CFR part 30, 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 products¹ sold to United States customers 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.

With respect to foreign options, in view of the history of abuses in the options markets prior to the imposition of the options ban,² the Commission determined to phase in foreign options on a market-by-market basis through particularized review of applications submitted by individual markets and issuance of an authorization order, as appropriate, by the Commission.³ In adopting the final rules which implement that procedure, the Commission stated that notwithstanding part 30, which provides a regulatory framework to govern transactions in both foreign futures and foreign options,

¹ Commission rule 30.1(a), 17 CFR 30.1(a), defines the term "foreign futures" as "any contract for the purchase or sale of any commodity for future delivery made, or to be made, on or subject to the rules of any foreign board of trade."

Commission rule 30.1(b), 17 CFR 30.1(b), defines the term "foreign option" as "any transaction or agreement which is or is held out to be of the character of, or is commonly known to the trade as, an "option," "privilege," "indemnity," "bid," "offer," "put," "call," "advance guaranty," or "decline guaranty," made on or subject to the rules of any foreign board of trade."

² See 51 FR 12104 (April 8, 1986). The pattern of abuses that was characteristic of option sales practices in the past, and which contributed to the Commission's decision to suspend all option sales in 1978, included the unavailability of data necessary to permit a determination of whether orders for options had in fact been executed or whether they simply had been "bucketed". See 43 FR 16155 (April 17, 1978).

³ Although the statutory prohibition on the offer and sale of foreign options formerly contained in section 4c(c) of the Commodity Exchange Act ("CEA" or the "Act") has been removed, see Futures Trading Act of 1986, Pub. L. No. 99-641, section 102, 100 Stat. 3556 (1987), the regulatory prohibition in Commission rule 32.11, 17 CFR 32.11, adopted pursuant to section 4c(b) of the CEA, remains in effect.

and which has been the subject of extensive notice and comment, it would be unlawful for any person to engage in the offer or sale of a particular foreign option product until the Commission specifically authorizes such foreign option to be offered and sold in the United States.⁴ As a consequence, rule 30.3(a) permits the Commission to consider, among other things, its ability to determine whether or not a particular trade has been transmitted to and executed on a foreign exchange as part of its decision to authorize transactions in specific foreign exchange-traded options.⁵

In issuing orders under rule 30.3(a), the Commission considers: (1) The existence of information sharing arrangements relevant to preventing abuses in the trading of option contracts on the exchange; (2) the arrangements in place for assuring that sales practice abuses in such options do not occur, including that sales practice compliance audits commensurate with those which apply to domestic products will be conducted with respect to firms engaged in the offer or sale of the exchange's option products in the United States; (3) the arrangements for United States customers to redress grievances with respect to matters directly pertaining to the conduct of trading or other activities relevant to the offer or sale of such products; and (4) the regulatory environment in which the options are traded.

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

In issuing orders under rule 30.10, the Commission evaluates whether the

⁴ 52 FR 28980 (August 5, 1987). Notwithstanding the prohibition in Commission rule 30.3(a), nondomestic exchange-traded options which are traded pursuant to the trade option exemption in Commission rule 32.4(a), 17 CFR 32.4(a), may continue to be offered and sold.

⁵ 51 FR 12104, 12105 (April 8, 1986).

particular foreign regulatory program provides a basis for permitting substituted compliance for purposes of exemptive relief pursuant to Commission rule 30.10. The specific elements examined are set forth in Appendix A to Part 30, "Interpretative Statement With Respect to the Commission's Exemptive Authority Under Section 30.10 of Its Rules" ("Appendix A"). 17 CFR part 30, appendix A. These elements include: (1) Registration, authorization or other form of licensing, fitness review or qualification of persons (both individuals and firms) through which 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) minimum sales practice standards, including the disclosure of the risks of futures transactions; (5) recordkeeping and reporting requirements; (6) procedures to audit for compliance with, and to take action against those persons who violate, the requirements of the program; and (7) the existence of appropriate information-sharing arrangements. The Commission may apply additional conditions to ensure that brokers licensed under other regulatory regimes are not permitted to solicit U.S. customers while effectively evading U.S. requirements, such as those relative to statutory disqualification.

Moreover, the Commission specifically stated in adopting rule 30.10 that no exemption based on substituted compliance of a general nature would be granted unless the persons to whom the exemption is to be applied: (1) consent to jurisdiction in the United States and designate an agent for service of process in the United States with respect to transactions subject to Part 30 by filing a copy of the relevant 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 NFA of the commencement or termination of business in the United States.⁶

By letter dated May 14, 1993, as supplemented, counsel for the Exchange requested that the Commission: (1) Authorize the offer and sale of option contracts traded on the Exchange to persons located in the United States under rule 30.3(a); and (2) exercise its authority under Commission rule 30.10 to exempt certain members of the Exchange from compliance with Part

30's registration and other requirements with respect to brokerage activities undertaken on behalf of customers in the United States⁷ with respect to transactions on or subject to the rules of MEFF Renta Fija, and which U.S. customers may trade.⁸ The Exchange also has requested that the Commission confirm the application of the Commission's Limited Marketing Orders to MEFF Renta Fija member firms designated by the Exchange for rule 30.10 relief, and this request will be addressed separately.⁹

Order

The Commission is hereby issuing the following order:

ORDER UNDER CFTC RULE 30.3 PERMITTING OPTION CONTRACTS TRADED ON MEFF RENTA FIJA TO BE OFFERED OR SOLD IN THE UNITED STATES THIRTY DAYS AFTER PUBLICATION OF THE TERMS AND CONDITIONS OF THE PARTICULAR EXCHANGE OPTION CONTRACT IN THE FEDERAL REGISTER, UNLESS PRIOR TO THAT DATE THE COMMISSION RECEIVES ANY COMMENTS WHICH MAY RESULT IN THE DETERMINATION TO DELAY THE EFFECTIVE DATE OF THE ORDER; AND

⁷ See Letter dated May 14, 1993, from Philip McBride Johnson, Esq., to Jean A. Webb, Commission, Re: Petition for Authorization of the Offer and Sale in the United States of Futures and Options Contracts Traded on the MEFF Renta Fija ("Petition").

By letter dated August 26, 1994, MEFF confirmed that it seeks initial authorization for the following contracts: options on the three year Spanish government bond futures contracts, monthly and quarterly options on the ten year Spanish government bond futures contracts and options on the MIBOR '90 futures contract. Spanish government debt obligations have been designated by the U.S. Securities and Exchange Commission as "exempted securities" under SEC rule 3a12-8, a prerequisite before an option product based on such a foreign government debt futures contract may be offered or sold in the United States. See 59 FR 54812 (November 2, 1994).

⁸ The Part 30 rules apply solely with respect to foreign futures and foreign options, which are defined by reference to the term "foreign board of trade." See note 1 above. For purposes of this Order, the term "foreign board of trade" shall mean any board of trade, exchange or market located outside the United States, its territories or possessions, whether incorporated or unincorporated, where foreign futures or foreign options transactions are entered into. Commission rule 1.3(ss), 17 CFR 1.3(ss). Thus, contracts that are traded on a market that has been designated as a contract market pursuant to section 5a of the Commodity Exchange Act (CEA) are not within the scope of this Order.

⁹ See letter dated January 31, 1995 from Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom, to Jane C. Kang, CFTC. The Commission has authorized, subject to certain conditions, direct limited marketing activities from within the United States by rule 30.10 firms. See 57 FR 49644 (November 3, 1992), and 59 FR 42156 (August 17, 1994) ("Limited Marketing Orders").

ORDER UNDER CFTC RULE 30.10 EXEMPTING DESIGNATED MEMBERS OF THE MEFF RENTA FIJA FROM THE APPLICATION OF CERTAIN OF THE FOREIGN FUTURES AND OPTION RULES THE LATER OF THIRTY DAYS AFTER PUBLICATION OF THE ORDER HEREIN IN THE FEDERAL REGISTER OR AFTER THE FILING OF RELEVANT CONSENTS BY MEMBERS OF THE EXCHANGE AND EXCHANGE UNDER THE TERMS AND CONDITIONS OF THIS ORDER.

The Commission has reviewed the information and representations contained in, among other things, the following submissions:

- Petition dated May 14, 1993;
- The Spanish Securities Market Act 24/1988;
- Royal Decree 1814 Governing Official Futures and Options Markets;
- Royal Decree 629/1993 of May 3, 1993 "Concerning the Regulations Governing Participation in the Stock Markets and Obligatory Registers of Transactions;"
- MEFF Renta Fija Articles of Association (1992);
- MEFF Renta Fija Rules and Regulations;
- Letters dated October 1, 8, and 15 1993; December 23, 1993; August 26, 1994; December 20, 1994; and January 31, 1995, from Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom, counsel for the Exchange;
- Letters dated May 19, 1994 and September 28, 1994 from the Comision Nacional del Mercado de Valores ("CNMV"); and
- Letter dated January 12, 1995 from MEFF Renta Fija.

Based upon its review of the above supporting materials, and the memorandum from the Division of Trading and Markets dated April 24, 1995 (the "Staff Memorandum") and subject to the conditions set forth below, the Commission has determined to issue this Order which:¹⁰

(a) As to matters subject to rule 30.3(a), will become effective thirty days after publication of the terms and conditions of the particular Exchange option contract in the **Federal Register**, unless prior to that date the Commission receives any comments which may result in the determination to delay the effective date of the Order pending review of such comments (under such circumstances, the Commission will provide notice); and

¹⁰ Although the Commission in the past has issued separate orders under rules 30.3(a) and 30.10 as requested by the petitioners, there are many issues common to the consideration of the two types of petitions such that the review of one would facilitate the review of the other.

⁶ 52 FR 28980, 28981 and 29002.

(b) As to matters subject to rule 30.10, will become effective the later of thirty days after publication of this Order in the **Federal Register** or the filing of consents by members of the Exchange and the Exchange to the terms and conditions of the Order herein.

In particular, pursuant to Commission rule 30.3(a), the Commission authorizes the offer and sale in the United States of options traded on the Exchange subject to the conditions described below:

(1) Except as otherwise permitted under the Commodity Exchange Act and regulations thereunder, that no offer or sale of any MEFF Renta Fija option product in the United States shall be made until thirty days after publication in the **Federal Register** of notice specifying the particular option(s) to be offered or sold pursuant to this Order, unless prior to that date the Commission receives any comments which may result in the determination to delay the effective date of the Order pending review of such comments (under such circumstances, the Commission will provide notice);

(2) That the CNMV and MEFF Renta Fija represent that all transactions with respect to the option(s) referenced in such **Federal Register** notice will be governed by the Securities Market Act ("SMA"), Royal Decree 1814 ("R.D. 1814"), Royal Decree 629 ("R.D. 629") and related statutes and MEFF Renta Fija rules as more particularly discussed in the Staff Memorandum and that the CNMV and/or MEFF Renta Fija will provide the Commission with information as to all material changes thereto promptly;

(3) That options on futures on stock indices¹¹ and options on futures on foreign government debt securities¹² will not be permitted to be offered or sold hereunder absent certain additional procedures;

(4) That options traded pursuant to this Order may only be offset on the MEFF Renta Fija or another market with respect to which the Commission has issued an order under Commission rule 30.3(a) authorizing its option products to be offered or sold in the United States; and

(5) That options traded pursuant to this Order herein may only be offered or sold by persons registered in the appropriate capacity under the Act or by persons who have been granted an exemption from registration under rule 30.10 based on substituted compliance with the terms of that exemption order and relevant laws of the jurisdiction, provided such persons also provide customers resident in the United States with the options risk disclosure statement in Commission rule 33.7, 17 CFR 33.7, or the generic risk disclosure statement approved by the Commission pursuant to Commission rule 1.55(c).¹³

¹¹ See 52 FR 28980, 28982 n. 6 and section 2a(1) of the CEA.

¹² See section 2a(1) of the CEA, section 3(a)(12) of the Securities Exchange Act of 1934 and Rule 3a12-8 promulgated thereunder. As previously noted, Spanish government debt obligations have been designated as "exempted securities" by the SEC.

¹³ 59 FR 34376, 34379 (July 5, 1994).

Furthermore, subject to the conditions set forth below, the Commission concludes 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 the SMA, R.D. 1814, R.D. 629 and MEFF Renta Fija and CNMV rules may be substituted for compliance with certain sections of the Act as 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 rule 30.10 relief granted herein from:

- (1) Registration with the Commission;
- (2) Certain sections of Part 1 of the Commission's rules relating to financial regulations and books and records 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 and relevant Exchange and other rules in effect in Spain.

This determination to permit substituted compliance is based on, among other things, the Commission's finding that the regulatory scheme governing the persons trading on the Exchange who would be exempted hereunder provides:

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

(2) Financial requirements for licensees;

(3) A system for the protection of customer funds that applies to all customers and which requires the separate accounting for such funds, augmented by funds designed to compensate customers who have suffered a loss as a result of fraud or insolvency or other failure of an Exchange member;

(4) Recordkeeping and reporting requirements pertaining to financial and trade information including, without limitation, order tickets, trade confirmations, customer account statements, customers' deposit records, and accounting records for customer and proprietary trades;

(5) Sales practice standards for licensees which include, for example, required disclosures to prospective customers and prohibitions on (a) certain representations, (b) conflicts of interest, and (c) improper trading activities;

(6) Procedures to audit for compliance with, and to redress violations of, customer protection and sales practice requirements including, without limitation, a surveillance program and the existence of broad powers to conduct investigations and to impose sanctions; and

(7) Mechanisms for sharing information between the Exchange and the CNMV and the Commission on an "as needed" basis

including, without limitation, confirmation data, data necessary to trace funds, position data, data on firms' standing to do business and financial condition, and mechanisms for cooperating with the Commission in inquiries, compliance matters, investigations and enforcement proceedings.¹⁴

This Order does not provide an exemption from any provision of the Act or regulations thereunder not specified herein, for example, without limitation, the antifraud provision in Commission rule 30.9, 17 CFR 30.9, or the disclosure provisions of Commission rules 1.55, 30.6 and 33.7, 17 CFR 1.55, 30.6 and 33.7, including the requirements of rule 1.55(f), 30.6(e) and 33.7(f).¹⁵ Moreover, the relief granted is limited to brokerage activities undertaken on behalf of customers in the United States with respect to transactions on or subject to the rules of MEFF Renta Fija, and which U.S. customers may trade.

The relief does not extend to rules or regulations relating to trading, directly or indirectly, on United States exchanges. For example, such a firm trading in United States markets for its own account would be subject to the Commission's large trader reporting requirements. 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 the reporting requirements applicable to foreign brokers. See, e.g., 17 CFR parts 17 and 21. The relief herein does not apply to firms that solicit United States customers for transactions on United States markets.

The eligibility of any firm to seek rule 30.10 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:

¹⁴ The Exchange and its regulator, CNMV, have provided assurances to the Commission, subject to certain agreed upon principles, regarding the availability of information relevant to Part 30 on an "as needed" basis. See Letter dated October 1, 1993 from Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom (Skadden); and letter May 19, 1994 from Eudald Canadell, CNMV, to Andrea M. Corcoran, CFTC (confirming that information may be shared between the CFTC and the CNMV pursuant to the Memorandum of Understanding of October 1992. See also letter dated January 31, 1995 from Philip McBride Johnson, Skadden, Arps, Slate, Meagher & Flom to Jane C. Kang, CFTC Division of Trading and Markets.

¹⁵ These rules essentially provide that delivery of a mandated risk disclosure statement does not eliminate any obligation under the Act to disclose all material information to existing or prospective customers even if the information is not specifically required by the applicable risk disclosure rule.

(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 Spain; such firm is engaged in business with customers located in Spain as well as in the United States; and, such firm would not be statutorily disqualified from registration under section 8a(2) of the CEA, 7 U.S.C. 12a(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 the Exchange with respect to customers resident in the United States will be made on or subject to the rules of the Exchange and the Commission will receive prompt notice of all material changes to MEFF Renta Fija rules, the SMA and other laws relevant to futures and options (e.g., Royal Decree 1814 and Royal Decree 629);

(d) Customers resident in the United States will be provided no less stringent regulatory protection than Spanish customers under all relevant provisions of Spanish 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 in accordance with the agreed information sharing arrangement 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 Spanish-domiciled firm doing business in the United States under the exemption granted by this Order.

(2) Each firm seeking rule 30.10 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) Acknowledges that it can be required by the Exchange to provide the Exchange immediate access to its books and records related to transactions under Part 30 required to be maintained under the applicable laws and Exchange rules in effect in Spain and that the Exchange will cooperate in providing access to such books and records to the Commission in accordance with the agreed upon information sharing arrangement;

(c) Represents that no principal, and no employee who solicits or accepts orders from United States customers, would be disqualified from directly applying to do business in the United States under section 8a(2) of the CEA, 7 USC 12a(2), and consents to notify the Commission promptly of any change in that representation based on a change in control as generally defined in Commission rule 3.32, 17 CFR 3.32;

(d) Consents that all futures or options transactions for customers located in the United States will be undertaken from a

location in Spain (except as otherwise permitted by the Commission) solely with respect to transactions on or subject to the rules of MEFF Renta Fija, and which U.S. customers may trade;

(e)(1) If a Clearing Member of the Exchange which carries the accounts of customers located in the United States: agrees to maintain funds equivalent to the aggregate "secured amount" (described in Commission rule 1.3(rr), 17 CFR 1.3(rr)), for all United States customers in a separate account as set forth in Commission rule 30.7, 17 CFR 30.7, and to treat those funds in the manner described by that rule;

(e)(2) If a Non-Clearing Member of the Exchange: agrees to comply with relevant Spanish laws and Exchange rules prohibiting them from accepting or otherwise handling customer funds;

(f) Agrees to provide customers with account statements on at least a monthly basis;

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

(h)(1) Consents to participate in any NFA arbitration program which offers a procedure for resolving customer disputes on the papers where such disputes involve representations or activities with respect to transactions under Part 30, and consents to notify customers resident in the United States of the availability of such a program; *provided, however,* that the firm may require its customers resident in the United States to execute the consent attached hereto as Exhibit A concerning the exhaustion of certain mediation procedures made available by the Exchange prior to bringing an NFA arbitration proceeding; and *provided further* that the firm must undertake to provide the customer with information concerning how to commence such procedures pursuant to the consent attached hereto as Exhibit A;

(h)(2) *Provided, however,* that until the Exchange adopts a procedure for an "on the papers" hearing applicable to all Exchange arbitrations, consents to notify such customers that if they elect Exchange arbitration, they or their agent could be required to appear personally at a hearing, and if the customer elects NFA arbitration, consents to participate in such proceeding even in circumstances where the dispute arises primarily out of delivery, clearing, settlement or floor practices;

(i) Undertakes to comply with the applicable provisions of Spanish law and Exchange and CNMV rules which form the basis upon which this exemption from certain provisions of the Act is granted; and

(j) Agrees to provide to any U.S. customers either the generic risk disclosure statement approved by the Commission under rule 1.55(c), or the risk disclosure statements mandated by Commission rules 30.6(a) [i.e., 1.55(a)] and 33.7, and applicable Commission orders, as appropriate.¹⁶

¹⁶ See, e.g., CFTC Advisory No. 90-1 [1987-1990 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 24,597 (disclosure statement related to the deferred payment of option premiums).

Upon filing of the notice required under paragraph (1)(b) as to any such firm, the rule 30.10 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 the Exchange and/or any applicable regulatory or self-regulatory organization.

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 issuance of an order under Commission rules 30.3(a) and 30.10, including Appendix A of rule 30.10, have generally been satisfied.

Further, if experience demonstrates that the continued effectiveness of this Order in general, or with respect to a particular firm or product, 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 product, or otherwise restrict the exemptive relief granted in this Order, as appropriate, on its own motion. If necessary, provisions will be made for servicing existing client positions.

Terms and Conditions of MEFF Renta Fija Options

Option on the MIBOR'90 Futures

Underlying Asset: MIBOR'90 Futures Contract

Contract Size: 1 futures contract

Exercise Style: American

Traded Options: Options on futures

with expiration on the four nearest months of the quarterly cycle (March, June, September and December)

Last Trading Day: The last business day prior to the expiration date

Expiration Date: Third Wednesday of the underlying futures contract month (same date and time as the underlying futures expiration date)

Quotation Method: Multiples of Ptas. 250

Tick Value: The minimum fluctuation of the premium is one basis point, equal to Ptas. 250

Margining: Margin is calculated taking into account the overall futures and options portfolio

Option on the 3-Year Government Bond Futures

Underlying Asset: 3-year Government Bond Futures Contract

Contract Size: 1 futures contract
Exercise Style: American
Traded Options: Options on futures with expiration on the two nearest months of the quarterly cycle (March, June, September and December)
Last Trading Day: Expiration date
Expiration Date: First Wednesday of the underlying futures contract month (two weeks prior to the underlying futures contract expiration date)
Quotation Method: In percentage of nominal
Tick Value: The minimum fluctuation of the premiums is one basis point, equal to Ptas. 1,000
Margining: Margin is calculated taking into account the overall futures and options portfolio

Monthly Option on the 10-Year Government Bond Futures
Underlying Asset: 10-year Government Bond Futures Contract
Contract Size: 1 futures contract
Exercise Style: American
Traded Options: One spot month on the underlying nearby futures contract
Last Trading Day: Expiration date

Expiration Date: First Wednesday of each month
Quotation Method: In percentage of nominal
Tick Value: The minimum fluctuation of the premium is one basis point, equal to Ptas. 1,000
Margining: Margin is calculated taking into account the overall futures and options portfolio

Quarterly Option on the 10-Year Government Bond Futures
Underlying Asset: 10-year Government Bond Futures Contract
Contract Size: 1 futures contract
Exercise Style: American
Traded Options: Options on futures with expiration on the two nearest months of the quarterly cycle (March, June, September and December)
Last Trading Day: Expiration date
Expiration Date: First Wednesday of the underlying futures contract month (two weeks prior to the underlying futures contract expiration date)
Quotation Method: In percentage of nominal

Tick Value: The minimum fluctuation of the premium is one basis point, equal to Ptas. 1,000
Margining: Margin is calculated taking into account the overall futures and options portfolio

List of Subjects in 17 CFR Part 30
 Commodity futures, Commodity options, Foreign futures and options.
 Accordingly, 17 CFR part 30 is amended as set forth below:

PART 30—FOREIGN FUTURES AND FOREIGN OPTION TRANSACTIONS

- 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, 6, 6c and 12a.
- Appendix B to part 30 is amended by adding the following entry alphabetically:
Appendix B—Option Contracts Permitted To Be Offered or Sold in the U.S. Pursuant to § 30.3(a)

Exchange	Type of contract	FR date and citation
MEFF Renta Fija	Options on the: Mibor'90, 3-Year and monthly and quarterly 10-Year Spanish Government Bond futures contracts.	June 9, 1995, 60 FR. _____

3. Appendix C to part 30 is amended by adding the following entry 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 MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija ("MEFF Renta Fija").
 FR date and citation: June 9, 1995, 60 FR _____
 * * * * *
 Issued in Washington, D.C., on June 5, 1995.
Jean A. Webb,
Secretary to the Commission.

Note: The following Exhibit will not be published in the Code of Federal Regulations.

Exhibit A—Form of Consent to Undertake Mediation Prior to NFA Arbitration

In the event that a dispute arises between you [name of customer resident in the United States] and [name of MEFF Renta Fija member firm] with respect to transactions subject to Part 30 of the Commodity Futures

Trading Commission's rules, various forums may be available for resolving the dispute, including courts of competent jurisdiction in the United States and Spain and arbitration programs made available both in the United States and Spain.

In the event you wish to initiate an arbitration proceeding against this firm to resolve such dispute under the applicable rules of the National Futures Association ("NFA") in the United States, you hereby consent that you will first commence mediation in accordance with such procedures as may be made available by the MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija ("MEFF Renta Fija" or "Exchange"), information on which is provided to you herewith. The outcome of such MEFF Renta Fija mediation is nonbinding. You may subsequently accept this resolution, or you may proceed either to binding arbitration under the rules of the MEFF Renta Fija or to binding arbitration in the United States under the rules of NFA. If you accept the mediated resolution or elect to proceed to arbitration, or to any other form of binding resolution under the rules of the Exchange, you will be precluded from subsequently initiating an arbitration proceeding at NFA.

You may initiate an NFA arbitration proceeding upon receipt of documentation from MEFF Renta Fija:

(1) Evidencing completion of the mediation process and reminding you of your right of access to NFA's arbitration proceeding; or

(2) Representing that more than nine months have elapsed since you commenced the mediation process and that such process is not yet complete and reminding you of your right of access to NFA's arbitration proceeding.

The documentation referred to above must be presented to NFA at the time you initiate the NFA arbitration proceeding. NFA will exercise its discretion not to accept your demand for arbitration absent such documentation.

By signing this consent you are not waiving any other right to any other legal remedies available under the law.

 Customer

 Date
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