

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 71**

[Airspace Docket No. 99-AWP-16]

Proposed Establishment of Class E Airspace; Lakeport, CA**AGENCY:** Federal Aviation Administration (FAA), DOT.**ACTION:** Notice of proposed rulemaking.

SUMMARY: This notice proposes to establish a Class E airspace area on Lakeport, CA. The establishment of a Special Global Positioning System (GPS) Standard Instrument Approach Procedure (SIAP) Copter 293 Point In Space approach serving Sutter Lake Heliport has made this proposal necessary. Additional controlled airspace extending upward from 700 feet or more above the surface of the earth is needed to contain helicopters executing the Special Copter GPS 293 Point In Space approach to Sutter Lakeside Hospital Heliport. The intended effect of this proposal is to provide adequate controlled airspace for Instrument Flight Rules (IFR) operations at Sutter Lakeside Hospital Heliport, Lakeport, CA.

DATES: Comment must be received on or before September 16, 1999.

ADDRESSES: Send comments on the proposal in triplicate: Federal Aviation Administration, Attn: Manager, Airspace Branch, AWP-520, Docket No. 99-AWP-16, Air Traffic Division, 15000 Aviation Boulevard, Lawndale, California 90261.

The official docket may be examined in the Office of the Regional Counsel, Western-Pacific Region, Federal Aviation Administration, Room 6007, 15000 Aviation Boulevard, Lawndale, California, 90261.

An informal docket may be examined during normal business hours at the Office of the Manager, Airspace Branch, Air Traffic Division at the above address.

FOR FURTHER INFORMATION CONTACT: Larry Tonish, Air Traffic Airspace Specialist, Airspace Branch, AWP-520, Air Traffic Division, Western-Pacific Region, Federal Aviation Administration, 15000 Boulevard, Lawndale, California, 90261, telephone (310) 725-6539.

SUPPLEMENTARY INFORMATION:**Comments Invited**

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views,

or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and may be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with the comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 99-AWP-16." The postcard will be date-time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in light of comments received. All comments submitted will be available for examination in the Airspace Branch, Air Traffic Division, 15000 Boulevard, Lawndale, California, 90261, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRM

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Airspace Branch, 15000 Boulevard, Lawndale, California, 90261. Communications must identify the notice number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should also request a copy of Advisory Circular No. 11-2A, which describes the application procedures.

The Proposal

The FAA is considering an amendment to 14 CFR part 71 by establishing a Class E airspace area at Lakeport, CA. The establishment of a Special Copter GPS 293 Point In Space approach at Sutter Lakeside Hospital Heliport has made this proposal necessary. Additional controlled airspace extending upward from 700 feet above the surface is needed to contain helicopters executing the Special Copter GPS 293 Point In Space approach to the Sutter Lakeside Hospital Heliport. The intended effect of this proposal is to provide adequate controlled airspace for helicopters

executing the Special Copter 293 Point In Space approach to the Sutter Lakeside Hospital Heliport, Lakeport, CA. Class E airspace designations are published in paragraph 6005 of FAA Order 7400.9F dated September 10, 1998, and effective September 16, 1998, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in this Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this proposed regulation—(1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this proposed rule would not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air)

The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of the Federal Aviation Administration Order 7400.9F, Airspace Designations and Reporting Points, dated September 10, 1998, and effective September 16, 1998, is amended as follows:

Paragraph 6005 Class E airspace areas extending upward from 700 feet or more above the surface of the earth

* * * * *

AWP CA E5 Lakeport, CA [New]

Sutter Lakeside Hospital Heliport

Point In Space Coordinates

(Lat. 39°06'09"N, long. 122°53'19"W)

That airspace extending upward from 700 feet above the surface and within a 5-mile radius of a Point In Space serving the Sutter Lakeside Hospital Heliport, excluding that portion within the Santa Rosa, CA, Class E airspace area.

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Issued In Los Angeles, California, on August 2, 1999.

John Clancy,

Manager, All Traffic Division, Western-Pacific Region.

[FR Doc. 99-22610 Filed 8-30-99; 8:45 am]

BILLING CODE 4910-13-M

COMMODITY FUTURES TRADING COMMISSION**17 CFR Parts 3 and 32****Trade Options on the Enumerated Agricultural Commodities**

AGENCY: Commodity Futures Trading Commission.

ACTION: Proposed rulemaking.

SUMMARY: In April 1998, the Commodity Futures Trading Commission (Commission or CFTC) removed the prohibition on off-exchange trade options on the enumerated agricultural commodities subject to a number of regulatory requirements. The Commission has reconsidered several of these requirements with a view toward streamlining regulatory or paperwork burdens in order to increase agricultural trade option's commercial utility while maintaining basic customer protections. In particular, the Commission is proposing to streamline the registration requirements for Agricultural Trade Option Merchants (ATOMs) and their sales agents by, among other things, removing the training requirement for associated persons and limiting the number of principals that must certify that they are not subject to statutory disqualification from registration. In addition, the Commission is proposing to permit cash settlement and offset or cancellation of agricultural trade options, by removing the requirement that such options, if exercised, must result in physical delivery. The Commission is also proposing to eliminate the currently required transaction-specific disclosure statement and to revise the summary disclosure statement provided to customers when opening an account. The Commission is proposing to

streamline certain reporting and recordkeeping requirements, as well.

DATES: Comments must be received by September 30, 1999.

ADDRESSES: Comments should be mailed to the Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581, attention: Office of the Secretariat; transmitted by facsimile at (202) 418-5521; or transmitted electronically at [secretary@cftc.gov]. Reference should be made to "Agricultural Trade Options."

FOR FURTHER INFORMATION CONTACT: Paul M. Architzel, Chief Counsel, Division of Economic Analysis, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581, (202) 418-5260, or electronically at [PArchitzel@cftc.gov].

SUPPLEMENTARY INFORMATION:**I. Background**

Generally, the offer or sale of commodity options is prohibited except on designated contract markets. 17 CFR 32.11. One of several specified exceptions to the general prohibition on off-exchange options is for "trade options." Trade options are off-exchange options "offered by a person having a reasonable basis to believe that the option is offered to" a person or entity within the categories of commercial users specified in the rule, where such commercial user "is offered or enters into the commodity option transaction solely for purposes related to its business as such." 17 CFR 32.4(a). However, this exception from the general ban on off-exchange options does not apply to trade options on the agricultural commodities enumerated in the Commodity Exchange Act (Act).¹ 7 U.S.C. 1a(3).

¹ In 1936, responding to a history of large price movements and disruptions in the futures markets attributed to speculative trading in options, Congress completely prohibited the offer or sales of option contracts both on and off exchange in the specific list of agricultural commodities enumerated in the Act. After its creation in 1974, the Commission promulgated a comprehensive regulatory framework applicable to off-exchange commodity option transactions in the non-enumerated commodities. This comprehensive framework exempted "trade options" from most of its provisions except for a rule prohibiting fraud (rule 32.9). In contrast, the prohibition on the offer and sale of all options on the enumerated agricultural commodities remained as a consequence of both statutory provision and Commission rule. The statutory bar was repealed as part of the Commission's reauthorization in 1982. Public Law No. 97-444, 96 Stat. 2294, 2301 (1983). A full statement of the statutory and regulatory history is provided in the notice of final rulemaking promulgating the interim final rules. 63 FR 18821 (April 16, 1998).

In April, 1998, the Commission promulgated interim final rules to permit the trading of agricultural trade options subject to various regulatory requirements. 63 FR 18821 (April 16, 1998). These requirements were designed to provide a number of customer protections. They included provisions for registration of ATOMs, disclosure of risks to option buyers, financial safeguards, and recordkeeping. In addition, option vendors were required to have a system of internal controls and to report to the Commission on their option activity. The rules also included a number of provisions to discourage the use of trade options for speculative purposes. These included the requirement that agricultural trade options, if exercised, be physically delivered, and limitations on producers granting options, including prohibiting producers from writing covered call options.

No one has applied for registration as an ATOM since the interim rules went into effect in June, 1998. Reportedly, agricultural trade options are being offered to some extent pursuant to the rules' exemption for high net worth entities. However, because there are no reporting requirements for options offered pursuant to the exemption, the Commission cannot ascertain to what extent such options are being traded between exempt entities.

The current lack of interest in offering these instruments could well be a result of the current depressed prices for many commodities.² However, some observers have suggested a different explanation for the lack of interest in these instruments. Various agricultural groups have voiced concern that the interim

² In addition to low prices, lack of familiarity among many in the agricultural sector with risk management techniques generally and agricultural trade options, specifically, may also have hampered development of demand for trade option products. To address this, widespread educational efforts will be necessary to give producers a better understanding of what the instruments are and how to use them safely. To this end, the Commission recently released three educational pamphlets on agricultural trade options prepared by its Division of Economic Analysis. These pamphlets provide an overview of agricultural trade options and the rules for trading them. The first of these brochures, entitled "Agricultural Trade Options—What Agricultural Producers Need to Know," was issued in December 1998. This brochure acquaints agricultural producers with how they can use agricultural trade options to manage risk. The second and third brochures, issued in February 1999, summarize how to become an agricultural trade option merchant and provide general information to lenders and extension agents, respectively. They are entitled "How to Become an Agricultural Trade Options Merchant," and "Agricultural Trade Options—Information for Lenders and Extension Agents." All three of these brochures are available on the Commission's website.