

incorporating part number 114-384020-1 or 114-384020-2.

Note 2: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (f) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it. Compliance: Required prior to further flight after the effective date of this AD, unless already accomplished, except to those operators receiving this action by priority letter issued July 10, 1996, which made these actions effective immediately upon receipt.

To prevent smoke and fire around the forward edge of the glare shield in the cockpit, accomplish the following:

(a) Pull and band the circuit breakers leading to the windshield heat control on both the pilot and the co-pilot sides. The affected circuit breakers are the LEFT WSHLD, CONTROL and PWR circuit breakers located on the circuit breaker panel on the co-pilot's side (Zone 246) and the CO-PILOT WSHLD ANTI-ICE circuit breaker located on the aft side of the forward pressure bulkhead above the co-pilot left rudder pedal (Zone 222).

(b) If either the pilot or co-pilot windshield heat is disabled, then this action (de-activation of the circuit breaker) prohibits flight into known icing conditions.

(c) A copy of this priority letter AD must be placed in the Limitations section of the Airplane Flight Manual (AFM).

(d) Fabricate a placard with the following words in letters at least 0.10-inch in height and install this placard within the pilot's clear view of the instrument panel: "FLIGHT IN KNOWN ICING CONDITIONS IS PROHIBITED."

(e) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

(f) An alternative method of compliance or adjustment of the compliance time that provides an equivalent level of safety may be approved by the Manager, FAA, Wichita Aircraft Certification Office, 1801 Airport Road, Room 100, Mid-Continent Airport, Wichita, Kansas, 67209.

Note 3: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Wichita Aircraft Certification Office.

(g) Information related to this airworthiness directive may be examined at the FAA, Central Region, Office of the Assistant Chief Counsel, Room 1558, 601 E. 12th Street, Kansas City, Missouri 64106.

(h) This amendment (39-9720) becomes effective on September 19, 1996, to all persons except those persons to whom it was made immediately effective by priority letter AD 96-15-01, issued July 10, 1996, which contained the requirements of this amendment.

Issued in Kansas City, Missouri, on August 13, 1996.

Michael Gallagher,
Manager, Small Airplane Directorate, Aircraft Certification Service.

[FR Doc. 96-21122 Filed 8-19-96; 8:45 am]

BILLING CODE 4910-13-U

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

Correction of Trading Records

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rule.

SUMMARY: The Commodity Futures Trading Commission ("Commission") has amended Commission regulations, which address the preparation, submission and correction of trading cards, to make its provisions applicable to all trading records. The Commission also has amended regulations, which require the use of non-erasable ink and addresses correction of errors, to require that the correction of erroneous information on trading records will be accomplished in such a manner that the originally recorded information must not be obliterated or otherwise made illegible. The Commission has further amended the regulations to require that a ply of the trading card, or in the absence of plies the original trading card, that subsequently is rewritten to correct erroneous information must be submitted to contract market personnel or the clearing member in accordance with contract market rules which set forth the required collection schedule for trading cards. Contract markets are required to promulgate rules to that effect.

EFFECTIVE DATE: October 21, 1996.

FOR FURTHER INFORMATION 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. Telephone: (202) 418-5490.

SUPPLEMENTARY INFORMATION:

I. Introduction

Regulation 1.35(d)(7), which became effective on May 7, 1990,¹ requires that

trading cards prepared by members of contract markets must be completed in non-erasable ink and submitted in accordance with contract market rules adopted pursuant to Regulation 1.35(j)(1).² It also provides, in paragraph (d)(7)(ii), that a member of a contract market may correct any errors by crossing out erroneous information or rewriting the trading card. Regulation 1.35(d)(7) was one of various rule amendments adopted by the Commission that were intended, among other things, to limit the opportunity for the fabrication or alteration of trading records, to ensure accountability for trading cards and to enhance exchange audit trails and trade surveillance.

Notwithstanding these provisions, the Commission has found, based upon its oversight activities, instances in which it appears that trade prices and quantities have been altered on trading records in order to accomplish abuse of customer orders. The Commission believes that this type of activity may be accomplished under the guise of correcting erroneous information on a trading record if the information originally recorded is obscured. Such treatment of trading records renders it more difficult for the Commission and the exchanges to detect potentially fraudulent activity. Further, correcting erroneous information by obliteration of the original data can facilitate illegal purposes and increases the difficulty of determining how to correctly reconstruct and surveil trade activity.

The Commission believes that obscuring trade information originally recorded not only can be used to facilitate illegal or fraudulent conduct, but also is in itself illegal. Obscuring the information originally recorded violates the Regulation 1.35 requirement that members prepare accurate and complete trading records. The requirement to record trades in non-erasable ink, found in Regulations 1.35 (d)(7)(ii) and (j)(8), was implemented, in part, to prevent the obliteration of trade data through erasures. The paragraph (d)(7)(ii) requirement that members be fully accountable for trading cards that are rewritten in order to correct errors exists to assure that the originally recorded data are maintained. As the Commission

² Regulation 1.35(j)(1) requires that each contract market maintain in effect rules which require, among other things, that trading records prepared by a member of the contract market pursuant to paragraphs (a-1) and (d) of this section be submitted to contract market personnel or the clearing member within 15 minutes of designated intervals not to exceed 30 minutes. Paragraph (a-1) requires the creation of order tickets; paragraph (d) requires the preparation of trading cards or other records showing purchases or sales executed on or subject to the rules of a contract market.

¹ 55 FR 8127 (March 7, 1990).

has stated with regard to the requirement that members be accountable for their trading cards, "[b]ased on Regulations 1.35(d)(6) and (j)(6), the Commission and the contract markets should be assured that trading cards which may assist in determining whether improper activity has occurred are available."³

On June 6, 1996 the Commission published for public comment in the Federal Register proposed amendments to Regulation 1.35(d)(7)⁴ to expressly address the issue by specifically prescribing the method by which a member of a contract market may correct errors on trading records.

II. Comments Received

The Commission received four comment letters on the proposed amendments, all from contract markets.⁵ Two of the commenters supported, and one raised no objection to, the regulatory goals of the proposal but were opposed to the proposal's requirement that a specific method be used, *i.e.*, crossing out erroneous information with no more than a single line through each character. One commenter believed that the amendment was unnecessary and provided no additional benefits to the exchange. This commenter further stated that original trade information that is erroneous and subsequently changed such that the original information is illegible is contrary to the provisions of the current Regulation 1.35(d)(7). The Commission has carefully reviewed and considered the comments received and, as a result, has modified and clarified the proposed amendments as appropriate.

III. Amendments to Regulation 1.35(d)(7)

The final amendments would make paragraph (d)(7), which addresses, among other things, the preparation of trading cards, applicable to all trading records. The final amendments would modify paragraph (d)(7)(ii), to require that the correction of erroneous information on trading records must be accomplished in such a manner that the originally recorded information would not be obliterated or otherwise made illegible. The final amendments also would modify paragraph (d)(7)(ii) to require that a ply of the trading card, or in the absence of plies the original

trading card, that subsequently is rewritten to correct erroneous information must be submitted to contract market personnel or the clearing member in accordance with contract market rules which set forth the required collection schedule for trading cards.

A. Proposed Paragraph (d)(7)

1. The Proposed Amendments

The proposed amendments would have made the provisions of paragraph (d)(7) applicable to all trading records, not just trading cards. Thus, the error correction provisions of paragraph (d)(7)(ii) would be applicable to all trading records, thereby assuring that all trading records are subject to the same error correction standards currently in existence with regard to trading cards.⁶ Further, contract markets would be required to maintain in effect rules that would require errors on other trading records to be corrected in the manner prescribed by paragraph (d)(7)(ii).⁷

The other trading records to which this provision would have applied included order tickets or other written records prepared under Regulation 1.35(a-1) (2), (3) or (4), as well as order tickets received on the floor through electronic order routing systems, and trading records prepared for "flashed" orders.

2. Comments Received

In its comment letter, the CSCE stated that it had no objection to the proposal to amend Regulation 1.35(d)(7) to make the error correction procedure applicable to all trading records. The other commenters did not specifically address this issue.

3. Regulation 1.35(d)(7)

Accordingly, the Commission has determined to make the proposed amendment final as written, applying the provisions of paragraph (d)(7) to all trading records, including order tickets or other written records prepared under Regulation 1.35(a-1) (2), (3) or (4), order tickets received on the floor through electronic order routing systems, and trading records prepared for "flashed" orders.

⁶ With regard to trading cards only, the member would still have been able to correct erroneous information by rewriting the trading card. Pursuant to paragraph (d)(6), the member would have remained accountable for any trading card that was subsequently rewritten.

⁷ Regulation 1.35(j)(8) requires that each contract market maintain in effect rules which require that members complete trades in non-erasable ink in the manner prescribed by paragraph (d)(7)(ii).

B. Proposed Paragraph (d)(7)(ii)

1. The Proposed Amendments

The proposed amendments to paragraph (d)(7)(ii) would have required that erroneous information crossed out on a trading record would have to be crossed out with no more than a single line through each character, without obliterating or otherwise making illegible any of the originally recorded information. Thus, the erroneous information being crossed out would not be obliterated and an audit would reveal the original information recorded on the trading record, as well as any information subsequently recorded.

2. Comments Received

Although all commenters recognized the need to maintain the integrity of the originally recorded information, they were opposed to the specificity of the amendment's proposed requirement that the erroneous information be crossed out with no more than a single line through each character. The CME commented that the requirement to cross out erroneous information with a single line will prove counter-productive and could conceivably result in greater outtrade percentages with potentially significant economic impact. Further, the CME stated that the CME and other contract markets are in the best position to determine what constitutes "obliteration" and are best able to police such activity. In its comment, NYMEX stated that the requirement of a "single line" deletion is unnecessary and that the Commission's goal would be furthered simply by requiring that erroneous information not be obliterated or otherwise made illegible so that exchanges would retain the flexibility to determine the most effective means for determining compliance. The CSCE commented that the single line requirement overreaches in achieving the objective of preventing the creation of fictitious trading records and recommended that the Commission permit the correction of trade record errors as is usual and customary for a particular member provided the original trade information is not obscured or rendered illegible. The KCBT commented that it was highly unlikely that the single line would always be recognized as erroneous information by clerks entering trade information for clearing, thus resulting in an outtrade.

3. Regulation 1.35(d)(7)(ii)

After reviewing the comments, the Commission is persuaded that the method by which the erroneous information is corrected need not be

³ 55 FR 8127, 8135 (March 7, 1990).

⁴ 61 FR 28806 (June 6, 1996).

⁵ Comment letters were received from the Chicago Mercantile Exchange ("CME"), New York Mercantile Exchange ("NYMEX"), Coffee, Sugar & Cocoa Exchange, Inc. ("CSCE") and Kansas City Board of Trade ("KCBT").

specified by Commission regulation so long as the regulatory objective, the legibility of the originally recorded information, is met. The Commission is aware that this objective can be attained by more than one method. Accordingly, the amendment has been modified to delete the single line requirement and to state that a member may correct any errors by crossing out erroneous information without obliterating or otherwise making illegible any of the originally recorded information. The method by which this objective is identified to exchange membership and enforced by each exchange may be determined by exchange rules.

The Commission also has decided to amend paragraph (d)(7)(ii) to add the requirement that a ply of the trading card, or in the absence of plies the original trading card, that subsequently is rewritten to correct erroneous information also must be submitted to contract market personnel or the clearing member in accordance with contract market rules which set forth the required collection schedule for trading cards.⁸ As stated previously, the Commission should be assured that trading cards which may assist in determining whether improper activity has occurred are available. Accordingly, the Commission is requiring that a ply of the rewritten trading card, or in the absence of plies the original trading card, be collected. The collection of such rewritten cards would occur in accordance with the schedule for collection of trading cards in place under exchange rules which were implemented pursuant to Commission Regulation 1.35(j)(1).⁹

Regulation 1.35(d)(7)(ii) states, in current and amended form, that the member is accountable pursuant to paragraph (d)(6) for any card that subsequently is rewritten. With regard to contract markets on which the member's trading cards ordinarily are retained by his clearing member, the Commission has previously stated, in

the context of the responsibility for a rewritten trading card, that the clearing member would be responsible for those trading cards not used for trade submission.¹⁰ With regard to contract markets on which the member retains his own trading cards, a member who has a clerk rewrite his trades on a new trading card because of an error now will have to submit a ply of the rewritten trading card, or in the absence of plies the original trading card, to the contract market.¹¹ Thus, either the clearing member or the contract market will have a ply of the rewritten trading card, collected from the member within 15 minutes after the 30-minute trading interval, available to assist in any investigation conducted to determine whether improper activity has occurred.

IV. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act ("RFA"), 5 U.S.C. 601 *et seq.*, requires that agencies, in proposing rules, consider the impact of those rules on small businesses. The Commission has previously determined to evaluate within the context of a particular rule proposal whether all or some contract market members should be considered "small entities" for purposes of the RFA and, if so, to analyze the economic impact on contract market members of any such rule at that time. 47 FR 18618, 18620 (April 30, 1982).

The Acting Chairman, on behalf of the Commission, hereby certifies, pursuant to 5 U.S.C. 605(b), that the action taken herein will not have a significant economic impact on a substantial number of small entities.

The Commission recognizes that contract market members would be subject to the proposed amendments and that certain contract market members could be considered to be small entities for the purposes of the RFA. However, the Commission

believes that the final amendment, as designed, would not impose a significant economic impact on such members.

B. Paperwork Reduction Act

The Paperwork Reduction Act of 1980 ("ACT"), 44 U.S.C. 3501 *et seq.*, imposes certain requirements on federal agencies (including the Commission) in connection with their conducting or sponsoring any collection of information as defined by the Act. While this rule has no burden, the group of rules (3038-0022) of which this is a part has the following burden:

Average burden hours per response—3,546.

Number of Respondents—15,286.

Frequency of Response—On occasion.

Copies of the Office of Management and Budget approved information collection package associated with this rule may be obtained from Jeff Hill, Office of Management and Budget, Room 3228, NEOB, Washington, DC 20503, (202) 395-7340.

List of Subjects in 17 CFR Part 1

Commodity futures, Commodity options, Contract markets, Customers, Members of contract markets, Noncompetitive trading, Reporting and recordkeeping requirements.

In consideration of the foregoing, and pursuant to the authority contained in the Commodity Exchange Act and, in particular, Sections 4, 4g, 5, 5a, and 8a, 7 U.S.C. 6, 6g, 7, 7a, and 12a, the Commission hereby proposes to amend part 1 of chapter I of title 17 of the Code of Federal Regulations as follows:

PART 1—GENERAL REGULATIONS UNDER THE COMMODITY EXCHANGE ACT

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

Authority: 7 U.S.C. 1a, 2, 2a, 4, 4a, 6, 6a, 6b, 6c, 6d, 6e, 6f, 6g, 6h, 6i, 6j, 6k, 6l, 6m, 6n, 6o, 6p, 7, 7a, 7b, 8, 9, 12, 12a, 12c, 13a, 13a-1, 16, 16a, 19, 21, 23 and 24, unless otherwise noted.

2. Section 1.35(d)(7) is revised to read as follows:

§ 1.35 Records of cash commodity, futures, and option transactions.

* * * * *

(d) * * *

(7) Trading records prepared by a member of a contract market pursuant to contract market rules must:

- (i) Be submitted in accordance with contract market rules adopted pursuant to paragraph (j)(1) of this section; and
- (ii) Be completed in non-erasable ink. A member may correct any errors by

⁸ As previously noted, trading cards prepared by members must be submitted in accordance with contract market rules adopted pursuant to Regulation 1.35(j)(1). The Commission believes that all exchanges currently use multi-ply trading cards. At least one ply, where practicable the top ply completed in non-erasable ink, must be submitted to contract market personnel or the clearing member pursuant to Regulation 1.35(j)(1). Where the top ply is not submitted to contract market personnel or the clearing member, it must be retained pursuant to Regulation 1.31 by the member as a record required by Regulation 1.35(a).

⁹ The Commission recognizes that this creates an exception to the Regulation 1.35(j)(1) provision that contract market rules need not require that those original source documents which cannot be relied upon by the contract market or clearing member for clearing purposes be submitted.

¹⁰ 54 FR 37117, 37122 (September 7, 1989). In these circumstances, the dual requirement to submit a ply of the rewritten trading card, or the original trading card, and remain accountable for the card could be met in two ways. First, if the top ply, or the original card, completed in non-erasable ink, is submitted to and retained by the clearing member, the collection requirement is met and, further, the clearing member assumes accountability for the rewritten card. Second, if the member keeps the top ply and submits a copy to the clearing member, the collection requirement is met and the member remains accountable for the card and must retain the top ply.

¹¹ On those exchanges where the trading cards are multi-ply and are collected by the exchange rather than a clearing member, whether the member retains the top ply written in ink or a copy would be determined by contract market rules but the member would, nonetheless, be accountable for the rewritten trading card.

crossing out erroneous information without obliterating or otherwise making illegible any of the originally recorded information. With regard to trading cards only, a member may correct erroneous information by rewriting the trading card; provided, however, that the member must submit a ply of the trading card, or in the absence of plies the original trading card, that is subsequently rewritten in accordance with contract market rules which set forth the required collection schedule for trading cards and provided further that the member is accountable for any trading card that subsequently is rewritten pursuant to paragraph (d)(6) of this section.

* * * * *

Issued in Washington, DC on August 13, 1996 by the Commission.
Catherine D. Dixon,
Assistant to the Secretary of the Commission.
[FR Doc. 96-21103 Filed 8-19-96; 8:45 am]

BILLING CODE 6351-01-P

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

22 CFR Part 212

Public Information

AGENCY: United States Agency for International Development.

ACTION: Final rule.

SUMMARY: These amendments make technical revisions to the Agency's Freedom of Information Act Regulations as set forth in 5 U.S.C. 553(d).

EFFECTIVE DATE: August 20, 1996.

FOR FURTHER INFORMATION CONTACT: Willette L. Smith, Customer Outreach and Oversight Staff, Office of Administrative Services, 703/516-1849, Fax 703/516-1894.

SUPPLEMENTARY INFORMATION: Revisions and updates have been made to the following sections of 22 of Chapter II of Title 22: (a) 212.25—change of addresses for Public Reading Room; (b) 212.33 procedure for making requests for agency's records; (c) 212.34 procedures for responding to requests for records; (d) 212.35 (b) revised method of calculating processing fees and 212.35(e) added an appeal rights to fee waiver decision; 212.36 change appeal time period and update address of Appeal's Officer; 212.38 revised Agency's predisclosure notification procedures for processing request for confidential commercial information.

This rule is not a major rule for the purposes of Executive Order 12291 of February 17, 1981. As required by the

Regulatory Flexibility Act, it is hereby certified that this rule will not have a significant impact on small business entities.

List of Subjects in 22 CFR Part 212

Freedom of information.

For the reasons set forth in the preamble, Part 212 of Chapter II of Title 22 of the Code of Federal Regulations is revised to read as follows:

PART 212—PUBLIC INFORMATION

Subpart A—General

Sec.

212.1 Statement of policy.

Subpart B—Publication in the Federal Register

212.11 Materials to be published.

212.12 Effect of nonpublication.

212.13 Incorporation by reference.

Subpart C—Availability of Information for Public Inspection and Copying

212.21 Public records.

212.22 Protection of personal privacy.

212.23 Current index.

212.24 Effect of noncompliance.

212.25 Procedures for obtaining materials under this subpart.

Subpart D—Access to Agency Records

212.31 Availability of agency records.

212.32 Identification of records.

212.33 Procedure for making requests.

212.34 Procedures for responding to requests for records.

212.35 Schedule of fees and methods of payment for services rendered.

212.36 Denial of request for access to records.

212.37 Procedures for agency consideration of appeals.

212.38 Predisclosure notification procedures for confidential commercial information.

Subpart E—Exemptions From Disclosure

212.41 Exemptions from publication and disclosure requirements of subparts B, C, and D.

212.42 Exemption from 5 U.S.C. 552.

Subpart F—Opening of Records for Nonofficial Research Purposes.

212.51 General Policy

Authority: 22 U.S.C. 2381(a).

Subpart A—General

§ 212.1 Statement of policy.

(a) It is the policy of the United States Agency for International Development (hereinafter "USAID" or "the Agency") that information about its objectives and operations be freely available to the public in accordance with the provisions of the Freedom of Information Act ("FOIA"), 5 U.S.C. 552, as amended; the President's Memorandum for Heads of Departments and Agencies regarding the FOIA, 29

Weekly Comp. Pres. Doc. 1999 (October 4, 1993); and the Attorney General's Memorandum of the same title and date. The Director, Office of Administrative Services, Bureau for Management, or his/her designee, is responsible on behalf of the Agency for administration of the provisions of the regulations set forth in this part.

(b) In addition, concerning the International Cooperation and Development Agency ("IDCA"), pursuant to executive order and delegations of authority USAID is responsible not only for management of its own affairs but also for those of IDCA. The policy of IDCA in the FOIA area has been determined by USAID to be identical to that of USAID, as stated in this section. Therefore, all policies and procedures set forth in this part apply equally to IDCA as to USAID; and it is intended that references in this part to "USAID" or "the Agency" shall, wherever appropriate, include or mean a reference to IDCA. Accordingly, all IDCA FOIA-related matters shall be referred to and processed by USAID staff under this part as though they were USAID matters.

(c) All records of USAID shall be made available to the public upon compliance with the procedures established in § 212.33, except to the extent a determination is made to withhold a record exemptible under 5 U.S.C. 552(b). Such a determination shall be made pursuant to procedures set forth in § 212.36, 212.37 and 212.38.

(d) The term "record" as used in this part includes all books, papers, maps, photographs, or other documentary material or copies thereof, regardless of physical form or characteristics, made in or received by USAID (including its missions or offices abroad), and preserved as evidence of its organization, functions, policies, decisions, procedures, operations, or other activities. The term does not include copies of the records of other U.S. Government agencies, foreign governments, international organizations, or non-governmental entities which do not evidence organization, functions, policies, decisions, procedures, operations, or activities of USAID.

Subpart B—Publication in the Federal Register

§ 212.11 Materials to be published.

(a) USAID separately states and currently publishes in the Federal Register for the information and guidance of the public:

(1) Descriptions of its central and field organization and the established places