

respect to the financial status of a trade option position? What form should trade confirmation take?

#### F. Cover Requirements

21. Should the Commission compel counterparties to cover market risks, or should the issue of providing cover be left to negotiation between the counterparties? Should parties be permitted to waive the right to have a counterparty provide some sort of cover or guarantee?

22. If cover is required, should parties be allowed to combine different forms of cover—i.e., collateral, hedging, minimum capital, guarantees, etc.—to satisfy the requirement?

23. Should cover be required on the vendor's gross or net trade option position? Should parties be allowed to offset their exposure on a trade option position against other non-trade option positions within the operation? At what level of a multi-enterprise firm should the firm be allowed to net their trade option exposure?

24. If the customer has a short option position, should the vendor have an obligation to ascertain whether the customer has adequately covered the position?

25. If parties are required to provide cover in the form of a one-to-one offsetting position in an exchange-traded option, what would constitute a "one-to-one" offset? That is, for trade option transactions occurring at fractional sizes of exchange contracts, would parties be required to round a position up or down? Would individual trade options be required to be offset individually, or could the overall position of the seller be hedged? How would trade options be covered for those enumerated commodities which are no longer actively traded on an exchange? What type of accounting procedure should be required to match trade options to offsetting exchange contracts?

26. In setting a minimum capital requirement in lieu of or in combination with various forms of cover, how should the overall level of market price risk be determined, and what level of capital would be deemed sufficient to cover the risk?

27. Should third-party guarantees be permitted as a form of cover? If so, what forms and what level of guarantee would be appropriate as cover for a trade option position? Should the total potential exposure on a trade option position be guaranteed? Who are appropriate parties to supply a guarantee?

#### G. Internal Controls

28. At a minimum, what types of internal controls should an option vendor have in place?

29. What is the most cost effective means to assure that vendors implement the minimum level of internal controls? What regulatory oversight mechanisms are necessary and in place? Should vendors be audited to assure compliance, or is a review by a certified public accountant sufficient?

30. Overall, in light of the above questions, should the Commission lift the prohibition on trade options on the enumerated agricultural commodities?

Issued in Washington, DC, this 3rd day of June, 1997, by the Commission.

**Jean A. Webb,**

*Secretary of the Commission.*

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## DEPARTMENT OF THE TREASURY

### Customs Service

**19 CFR Parts 10, 123, 128, 141, 143, 145 and 148**

**RIN 1515-AC11**

### Increase of Maximum Amount for Informal Entries to \$2000

**AGENCY:** Customs Service, Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** Under the current Customs Regulations, shipments of merchandise generally must be valued at \$1,250 or less in order to qualify for informal entry procedures. This regulatory value limit reflects the previous statutory maximum that the Secretary of the Treasury could establish by regulation under 19 U.S.C. 1498(a)(1) prior to its amendment by section 662 of the North American Free Trade Agreement Implementation Act which raised the statutory maximum to \$2,500. As a consequence of this increase in the statutory maximum, and consistent with the regulatory discretion conferred by the statute to establish a level within that limit, Customs proposes in this document to amend the Customs Regulations to increase the informal entry value limit to \$2,000.

**DATES:** Comments must be received on or before August 8, 1997.

**ADDRESSES:** Written comments (preferably in triplicate) may be addressed to the Regulations Branch, U.S. Customs Service, Franklin Court, 1301 Constitution Avenue, N.W., Washington, D.C. 20229. Comments submitted may be inspected at the

Regulations Branch, Office of Regulations and Rulings, Franklin Court, 1099 14th Street, N.W., Suite 4000, Washington, D.C.

**FOR FURTHER INFORMATION CONTACT:** Operational Aspects: Linda Walfish, Office of Field Operations (202-927-0042).

Legal Aspects: Jerry Laderberg, Office of Regulations and Rulings (202-482-6940).

#### SUPPLEMENTARY INFORMATION:

##### Background

All merchandise imported into the customs territory of the United States is subject to entry and clearance procedures. Section 484(a), Tariff Act of 1930, as amended (19 U.S.C. 1484(a)), provides that the "importer of record" or his authorized agent shall: (1) Make entry for imported merchandise by filing such documentation or information as is necessary to enable Customs to determine whether the merchandise may be released from Customs custody; and (2) complete the entry by filing with Customs the declared value, classification and rate of duty applicable to the merchandise and such other documentation or other information as is necessary to enable Customs to properly assess duties on the merchandise and collect accurate statistics with respect to the merchandise and determine whether any other applicable requirement of law is met. Part 142, Customs Regulations (19 CFR Part 142), implements section 484 and prescribes procedures applicable to most Customs entry transactions. These procedures are referred to as formal entry procedures and generally involve the completion and filing of one or more Customs forms (such as Customs Form 7501, Entry/Entry Summary, which contains detailed information regarding the import transaction) as well as the filing of commercial documents pertaining to the transaction.

As originally enacted, section 498, Tariff Act of 1930 (subsequently codified at 19 U.S.C. 1498), authorized the Secretary of the Treasury to prescribe rules and regulations for the declaration and entry of, among other things, imported merchandise when the aggregate value of the shipment did not exceed such amount, but not greater than \$250, as the Secretary shall specify in the regulations. Regulations implementing this aspect of section 498 are contained in Subpart C of Part 143, Customs Regulations (19 CFR Part 143) which is entitled "Informal Entry". The informal entry procedures set forth in Subpart C of Part 143 are less

burdensome than the formal entry procedures prescribed in Part 142 of the regulations. For example, if authorized by the port director, informal entry may be effected by the filing of a commercial invoice setting forth a declaration signed by the importer or his agent attesting to the accuracy of the information on the invoice.

Section 206 of the Trade and Tariff Act of 1984 (Public Law 98-573, 98 Stat. 2948) amended section 498 by increasing to \$1,250 (but with some exceptions) the maximum dollar amount that the Secretary could prescribe by regulation for purposes of the declaration and entry of imported merchandise. On July 23, 1985, T.D. 85-123 was published in the **Federal Register** (50 FR 29949) to, among other things, increase to \$1,000 the regulatory limit for which informal entries could be filed; the regulatory amendments in this regard involved changes to Subpart C of Part 143 and various other provisions of the Customs Regulations that reflected the \$250 informal entry dollar limit, and Customs explained in the background portion of T.D. 85-123 that the new limit would be set initially in the regulations at \$1,000, with the option to increase it to \$1,250 in the future. On August 31, 1989, Customs published in the **Federal Register** (54 FR 36025) T.D. 89-82 which amended the Customs Regulations by increasing the limit for which informal entries could be filed to the maximum \$1,250 permitted under section 498 as amended by section 206 of the Trade and Tariff Act of 1984.

Section 662 of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182, 107 Stat. 2057) amended section 498 by increasing to \$2,500 the maximum dollar amount that the Secretary could prescribe by regulation for purposes of the declaration and entry of merchandise. As a result of this further increase in the statutory maximum, and in consideration of the fact that the regulatory limit for informal entries has not been increased since 1989, Customs believes that it would be appropriate to again increase the regulatory limit for informal entries.

Similar to the approach taken in 1985 as indicated above, and noting that the statutory maximum still represents a ceiling but does not preclude adoption of a lower regulatory limit, Customs believes that it would be preferable at this time to take an intermediate step by establishing a new informal entry limit of \$2,000, which would be considerably higher than the present \$1,250 regulatory limit but still somewhat below the maximum level authorized by

statute. Customs believes that adoption of this proposed \$2,000 limit would result in the best balance between the revenue and statistical collection and enforcement responsibilities of Customs and the interest of the importing public in having an expanded opportunity to use the less burdensome informal entry procedures. If the proposed new \$2,000 informal entry limit is adopted, Customs would still retain the option of proposing a further upward adjustment of the regulatory limit at an appropriate future date, subject to the statutory maximum, after having had an opportunity to evaluate the operational effect of the new \$2,000 limit as well as any other intervening change in circumstances that may have an impact on the entry process.

The proposed changes to the regulations set forth in this document involve replacement of references to "\$1,250" by references to "\$2,000" in the informal entry provisions of Subpart C of Part 143 and in various other provisions within Parts 10, 123, 128, 141, 145 and 148 of the Customs Regulations (19 CFR Parts 10, 123, 128, 141, 145 and 148).

#### Comments

Before adopting the proposed amendments as a final rule, consideration will be given to any written comments (preferably in triplicate) timely submitted to Customs. Comments submitted will be available for public inspection in accordance with the Freedom of Information Act (5 U.S.C. 552), § 1.4, Treasury Department Regulations (31 CFR 1.4), and § 103.11(b), Customs Regulations (19 CFR 103.11(b)), on regular business days between the hours of 9:00 a.m. and 4:30 p.m. at the Regulations Branch, Office of Regulations and Rulings, Franklin Court, 1099 14th Street, NW., Suite 4000, Washington, DC.

#### Executive Order 12866

This document does not meet the criteria for a "significant regulatory action" as specified in E.O. 12866.

#### Regulatory Flexibility Act

Pursuant to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), it is certified that, if adopted, the proposed amendments will not have a significant economic impact on a substantial number of small entities. The proposed regulatory amendments are in response to a statutory change and will have the effect of reducing the regulatory burden on the public. Accordingly, the proposed amendments are not subject to the regulatory analysis

or other requirements of 5 U.S.C. 603 and 604.

#### Drafting Information

The principal author of this document was Francis W. Foote, Office of Regulations and Rulings, U.S. Customs Service. However, personnel from other offices participated in its development.

#### List of Subjects

##### 19 CFR Part 10

Customs duties and inspection, Imports, Reporting and recordkeeping requirements.

##### 19 CFR Part 123

Aircraft, Canada, Customs duties and inspection, Imports, Mexico, Motor carriers, Railroads, Reporting and recordkeeping requirements, Vehicles, Vessels.

##### 19 CFR Part 128

Carriers, Couriers, Customs duties and inspection, Entry, Express consignments, Freight, Imports, Informal entry procedures, Manifests, Reporting and recordkeeping requirements.

##### 19 CFR Part 141

Bonds, Customs duties and inspection, Entry of merchandise, Invoices, Release of merchandise, Reporting and recordkeeping requirements.

##### 19 CFR Part 143

Customs duties and inspection, Entry of merchandise, Invoice requirements, Reporting and recordkeeping requirements.

##### 19 CFR Part 145

Customs duties and inspection, Imports, Mail, Postal service, Reporting and recordkeeping requirements.

##### 19 CFR Part 148

Customs duties and inspection, Imports, Personal exemptions, Reporting and recordkeeping requirements.

#### Proposed Amendments to the Regulations

For the reasons stated above, it is proposed to amend Parts 10, 123, 128, 141, 143, 145 and 148 of the Customs Regulations (19 CFR Parts 10, 123, 128, 141, 143, 145 and 148), as set forth below.

#### PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

1. The authority citation for Part 10 continues to read in part as follows:

**Authority:** 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1321, 1481, 1484, 1498, 1508, 1623, 1624, 3314.

\* \* \* \* \*

#### **§ 10.1 [Amended]**

2. In § 10.1, the introductory text of paragraph (a) and the first sentence of paragraph (b) are amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **PART 123—CUSTOMS RELATIONS WITH CANADA AND MEXICO**

1. The general authority citation for Part 123 is revised to read, and the specific authority citation for § 123.4 continues to read, as follows:

**Authority:** 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States (HTSUS)), 1431, 1433, 1436, 1448, 1624.

\* \* \* \* \*

Section 123.4 also issued under 19 U.S.C. 1484, 1498;

\* \* \* \* \*

#### **§ 123.4 [Amended]**

2. In § 123.4, the first sentence of paragraph (b) is amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **PART 128—EXPRESS CONSIGNMENTS**

1. The authority citation for Part 128 continues to read as follows:

**Authority:** 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1321, 1484, 1498, 1551, 1555, 1556, 1565, 1624.

#### **§ 128.24 [Amended]**

2. In § 128.24, paragraph (a) is amended by removing the reference "\$1250" wherever it appears and adding, in its place, the reference "\$2,000".

#### **PART 141—ENTRY OF MERCHANDISE**

1. The authority citation for Part 141 continues to read in part as follows:

**Authority:** 19 U.S.C. 66, 1448, 1484, 1624.

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Subpart F also issued under 19 U.S.C. 1481;

\* \* \* \* \*

#### **§ 141.82 [Amended]**

2. In § 141.82, paragraph (d) is amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **PART 143—SPECIAL ENTRY PROCEDURES**

1. The authority citation for Part 143 continues to read as follows:

**Authority:** 19 U.S.C. 66, 1481, 1484, 1498, 1624.

#### **§ 143.21 [Amended]**

2. In § 143.21, paragraph (a), the first sentence of paragraph (b), and paragraphs (c), (f) and (g) are amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **§ 143.22 [Amended]**

3. In § 143.22, the second sentence is amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **§ 143.23 [Amended]**

4. In § 143.23, paragraphs (d) and (i) are amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **§ 143.26 [Amended]**

5. In § 143.26, the heading and text of paragraph (a) are amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **PART 145—MAIL IMPORTATIONS**

1. The authority citation for Part 145 continues to read in part as follows:

**Authority:** 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1624.

Section 145.4 also issued under 18 U.S.C. 545, 19 U.S.C. 1618;

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Section 145.12 also issued under 19 U.S.C. 1315, 1484, 1498;

\* \* \* \* \*

Section 145.35 through 145.38, 145.41, also issued under 19 U.S.C. 1498;

\* \* \* \* \*

#### **§ 145.4 [Amended]**

2. In § 145.4, paragraph (c) is amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **§ 145.12 [Amended]**

3. In § 145.12, paragraphs (a)(2), (a)(3) and (b)(1) and the heading and text of paragraph (c) are amended by removing the reference "\$1,250" wherever it appears and adding, in its place, the reference "\$2,000".

#### **§ 145.35 [Amended]**

4. Section 145.35 is amended by removing the reference "\$1,250" and

adding, in its place, the reference "\$2,000".

#### **§ 145.41 [Amended]**

5. Section 145.41 is amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

#### **PART 148—PERSONAL DECLARATIONS AND EXEMPTIONS**

1. The authority citation for Part 148 continues to read in part as follows:

**Authority:** 19 U.S.C. 66, 1496, 1498, 1624. The provisions of this part, except for subpart C, are also issued under 19 U.S.C. 1202 (General Note 20, Harmonized Tariff Schedule of the United States).

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#### **§ 148.23 [Amended]**

2. In § 148.23, the heading and text of paragraph (c)(1) and the heading and introductory text of paragraph (c)(2) are amended by removing the reference "\$1,250" and adding, in its place, the reference "\$2,000".

**George J. Weise,**

*Commissioner of Customs.*

Approved: April 25, 1997.

**John P. Simpson,**

*Deputy Assistant Secretary of the Treasury.*

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#### **DEPARTMENT OF TRANSPORTATION**

#### **Coast Guard**

#### **33 CFR Part 165**

[CGD07-97-019]

RIN 2115-AE84

#### **Regulated Navigation Area: Miami, FL**

**AGENCY:** Coast Guard, DOT.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Coast Guard proposes to establish a permanent regulated navigation area on portions of the Miami River, and Tamiami Canal. Over 300 freight vessels, ranging in size from 40 to 278 feet in length and 20 to 2600 gross tons routinely operate from the Miami River and the Tamiami Canal. the waterway channel is well under 150 feet wide at most points, and as vessels are often moored several abreast into the waterway this can result in little room in the channel for the safe navigation of other vessels transiting the waterway. This regulated navigation area is needed to provide for an unrestricted navigation channel by preventing the improper mooring of vessels on affected portions