

actual use. This is an administrative change and does not affect the boundaries, designated altitudes, or activities conducted within the restricted areas.

The Rule

This amendment to 14 CFR part 73 changes the times of designation for R-2534A and R-2534B, Vandenberg AFB, CA, from "continuous" to "intermittent by Notice to Airmen (NOTAM) at least 4 hours in advance." The FAA is taking this action in response to written notification from the using agency that a reduction in the times of use for the restricted areas is appropriate. As the solicitation of comments would not offer any meaningful right or benefit to any segment of the public, notice and public procedure under 5 U.S.C. 553(b) are unnecessary.

The FAA has determined that this action only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this 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 rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Environmental Review

This action reduces the time of designation for restricted areas. In accordance with FAA Order 1050.1D, "Policies and Procedures for Considering Environmental Impacts," this action is not subject to environmental assessments and procedures and the National Environmental Policy Act.

List of Subjects in 14 CFR Part 73

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 73 as follows:

PART 73—SPECIAL USE AIRSPACE

1. The authority citation for part 73 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.

§ 73.25 [Amended]

§ 73.25 is amended as follows:

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R-2534A Vandenberg AFB, CA [Amended]

By removing "Time of designation. Continuous," and inserting "Time of designation. Intermittent by NOTAM at least 4 hours in advance."

R-2534B Vandenberg AFB, CA [Amended]

By removing "Time of designation. Continuous," and inserting "Time of designation. Intermittent by NOTAM at least 4 hours in advance."

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Issued in Washington, DC, on June 9, 1998.

John S. Walker,

Program Director for Air Traffic Airspace Management.

[FR Doc. 98–15956 Filed 6–15–98; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 73

[Airspace Docket No. 98–AEA–3]

RIN 2120–AA66

Alteration of Restricted Areas; New Jersey and New York

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action amends the titles of the using agencies for Restricted Areas R-5002A, R-5002B, R-5002C, R-5002D, and R-5002E Warren Grove, NJ; and R-5203 Oswego, NY. This is an administrative change to reflect organizational name changes that resulted from Department of Defense realignment actions.

EFFECTIVE DATE: 0901 UTC, August 13, 1998.

FOR FURTHER INFORMATION CONTACT: Paul Gallant, Airspace and Rules Division, ATA-400, Office of Air Traffic Airspace Management, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone (202) 267–8783.

SUPPLEMENTARY INFORMATION:

Background

As a result of decisions by the Defense Base Realignment and Closure Commission, the titles of a number of military units have been changed. These changes affect the units designated as using agencies for Restricted Areas R-

5002A, R-5002B, R-5002C, R-5002D, and R-5002E Warren Grove, NJ; and R-5203 Oswego, NY. This action amends the using agency titles to reflect the current organizational name changes.

The Rule

This amendment to 14 CFR part 73 (part 73) changes the using agency organizational names for R-5002A, R-5002B, R-5002C, R-5002D, and R-5002E Warren Grove, NJ; and R-5203 Oswego, NY. This administrative change will not alter the boundaries, altitudes, time of designation, or activities conducted within the affected restricted areas; therefore, I find that notice and public procedure under 5 U.S.C. 553(b) are unnecessary.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. Therefore, this 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.

Sections 73.50 and 73.52 of 14 CFR part 73 were republished in FAA Order 7400.8E, dated November 7, 1997.

Environmental Review

This action is a minor administrative change to amend the titles of designated using agencies for existing restricted areas. There are no changes to air traffic control procedures or routes, or the use of the restricted areas as a result of this action. Therefore, this action is not subject to environmental assessments and procedures in accordance with FAA Order 1050.1D, "Policies and Procedures for Considering Environmental Impacts," and the National Environmental Policy Act of 1989.

List of Subjects in 14 CFR Part 73

Airspace, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 73, as follows:

PART 73—SPECIAL USE AIRSPACE

1. The authority citation for part 73 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.

§ 73.50 [Amended]

2. § 73.50 is amended as follows:

* * * * *

R-5002A Warren Grove, NJ [Amended]

By removing "Using agency, Commander, 108th Tactical Fighter Wing, New Jersey Air National Guard, McGuire AFB, NJ," and adding "Using agency, Air National Guard, 108th Air Refueling Wing, McGuire AFB, NJ."

R-5002B Warren Grove, NJ [Amended]

By removing "Using agency, Commander, 108th Tactical Fighter Wing, New Jersey Air National Guard, McGuire AFB, NJ," and adding "Using agency, Air National Guard, 108th Air Refueling Wing, McGuire AFB, NJ."

R-5002C Warren Grove, NJ [Amended]

By removing "Using agency, Commander, 108th Tactical Fighter Wing, New Jersey Air National Guard, McGuire AFB, NJ," and adding "Using agency, Air National Guard, 108th Air Refueling Wing, McGuire AFB, NJ."

R-5002D Warren Grove, NJ [Amended]

By removing "Using agency, Commander, 108th Tactical Fighter Wing, New Jersey Air National Guard, McGuire AFB, NJ," and adding "Using agency, Air National Guard, 108th Air Refueling Wing, McGuire AFB, NJ."

R-5002E Warren Grove, NJ [Amended]

By removing "Using agency, Commander, 108th Tactical Fighter Wing, New Jersey Air National Guard, McGuire AFB, NJ," and adding "Using agency, Air National Guard, 108th Air Refueling Wing, McGuire AFB, NJ."

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§ 73.52 [Amended]

3. § 73.52 is amended as follows:

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R-5203 Oswego, NY [Amended]

By removing "Using agency, 24th Air Division/DOTS, Griffiss AFB, NY," and adding "Using agency, Air National Guard, Northeast Air Defense Sector/DOS, Rome, NY."

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Issued in Washington, DC, on June 8, 1998.

Reginald C. Matthews,

*Acting Program Director for Air Traffic
Airspace Management.*

[FR Doc. 98-15957 Filed 6-15-98; 8:45 am]

BILLING CODE 4910-13-P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

Minimum Financial Requirements for Futures Commission Merchants

AGENCY: Commodity Futures Trading
Commission.

ACTION: Final rule.

SUMMARY: The Commodity Futures Trading Commission ("Commission") is amending its minimum financial requirements for futures commission merchants ("FCMs"). The amendment will eliminate a charge presently required to be taken by FCMs in the computation of the amount of their net capital. This charge is commonly referred to as the "short option value charge" ("SOV charge"). The Commission is rescinding this charge, because it has found that the charge is not closely correlated to the actual risk of the customers' short option positions and, in any event, there are other protections in place to address this risk.

EFFECTIVE DATE: July 16, 1998.

FOR FURTHER INFORMATION CONTACT: Paul H. Bjarnason, Jr., Chief Accountant, or Lawrence B. Patent, Associate Chief Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, 1155 21st Street, N.W., Washington, D.C. 20581; telephone (202) 418-5459 or 418-5439.

SUPPLEMENTARY INFORMATION:

I. Background

The minimum adjusted net capital requirement for an FCM is currently the greatest of: (A) \$250,000; (B) four percent of the customer funds required to be segregated pursuant to the Commodity Exchange Act and the foreign futures or foreign options secured amount, less the market value of commodity options purchased by customers on or subject to the rules of a contract market or a foreign board of trade: Provided, however, that the deduction for each customer shall be limited to the amount of customer funds in such customer's account(s) and foreign futures and foreign options secured amounts; (C) the amount of adjusted net capital required by a registered futures association of which it is a member; or (D) for securities brokers and dealers, the amount of net capital required by Rule 15c3-1(a) of the Securities and Exchange Commission (17 CFR 240.15c3-1(a)).

In calculating the amount of adjusted net capital needed to meet the minimum requirement, FCMs are presently required under Commission Rule 1.17(c)(5)(iii) to deduct a capital charge, based upon four percent of the market value of commodity options granted (sold) by option customers on or subject to the rules of a contract market or a foreign board of trade. The Commission adopted this provision in 1982 to require that an FCM recognize the risk involved in customers selling or going

short an option. Under this provision, an FCM is required to take this charge, regardless of the trading strategy of the customer. Some customers have used a short option position in combination with another futures or commodity option position, such as an inter-month spread position. Although such a position would involve less risk than a naked position, the SOV charge would be the same or, perhaps, greater.

On March 9, 1998, the Commission proposed an amendment to the minimum financial requirements for futures commission merchants which would eliminate Rule 1.17(c)(5)(iii).¹ The Commission received two (2) comment letters. Both supported elimination of the charge. One letter was jointly signed by representatives from each of seven (7) U.S. commodity exchanges and the other was filed by an FCM.

The effect of the amendment is to decrease the amount of charges taken against capital in the computation of net capital. The reduction in capital charges taken by an FCM will result in an increase in the stated amount of adjusted net capital of an FCM carrying short option positions in customer accounts. The total amount of the increase in an FCM's net capital would depend on the quantity and value of short options carried in the accounts of the FCM's customers.

As stated in the proposing release, the Commission proposed to rescind this rule, because the charge is not closely correlated to the actual risk of the options carried on behalf of customers and, in any event, there are other protections in place to address the risk of short options. In particular, the Standard Portfolio Analysis of Risk ("SPAN") margining system has been effectively used in setting appropriate levels of risk margin, and there are many other non-capital protections. These protections include effective self-regulatory organization ("SRO") audit and financial surveillance programs and modern risk management and control systems at FCMs. All of the comments received on the Commission's proposal to rescind the SOV charge confirmed these views. Moreover, no comments were received which provided any reason to believe that the SOV charge should not be rescinded.

II. Summary of Comments

A. Portfolio Margining System

Commenters noted that the four percent capital charge is not closely correlated to the actual risk of customer

¹ 63 FR 12713 (March 16, 1998).