

requirement of consistency with the public interest and the purposes of the CEA because, according to PHLX, it would "stimulate trading interest in PHLX's foreign currency options," creating recognized economic benefits.<sup>28</sup> PHLX notes that it has provided a foreign currency options market for more than a decade "in accordance with the securities laws and the SEC regulatory scheme without any difficulties."<sup>29</sup> PHLX argues that the recognized economic benefits of foreign currency options trading on PHLX, the contemplated expansion of those benefits through the Linkage, and the applicability of the SEC regulatory scheme, which provides protections comparable to those of the CEA and Commission regulations that address the financial integrity, fairness, and central marketplace issues cited by the Commission in adopting its Part 36 rules, assure that the requested relief is consistent with the public interest and the purposes of the CEA.

In addition, Section 4(c) requires that the Commission determine that the requested exemption will not have a material adverse effect upon the ability of the Commission or any contract market to discharge its regulatory or self-regulatory duties. PHLX notes that the Conference Report indicates that the Commission should consider regulatory concerns such as "market surveillance, financial integrity of participants, protection of customers and trade practice enforcement" in making this determination.<sup>30</sup> PHLX reasons that the applicability of the SEC's comparable regulatory scheme to transactions in PHLX foreign currency options in the U.S., including those cross-listed for trading on HKFE, together with the regulatory requirements imposed by the SFC and applicable Hong Kong laws and the inter-market surveillance arrangement, will provide adequate customer protections and market surveillance capabilities and therefore will not have a material adverse impact on the ability of the Commission or any contract market to discharge its regulatory or self-regulatory duties under the CEA.

Section 4(c) also requires that the agreement, contract or transaction will be entered into solely between "appropriate persons." Appropriate persons include any persons the Commission determines to be appropriate "in light of their financial or other qualifications, or the applicability

of appropriate regulatory protections."<sup>31</sup> PHLX reasons that the requested exemption for PHLX foreign currency options cross-listed for trading on HKFE should be available to all persons eligible to engage in such option transactions under the SEC's regulatory framework, which limits such trading to options qualified by the SEC in accordance with SEC approval procedures<sup>32</sup> or options customers determined to be suitable in accordance with SEC and PHLX suitability requirements.<sup>33</sup>

### III. Request for Comments

The Commission requests comments on any aspect of the Petition that commenters believe may raise issues under the CEA or Commission regulations. In particular, the Commission invites comments regarding: (1) the appropriateness of addressing transactions as described herein under the Commission's exemptive authority under Section 4(c) and/or under the Commission's plenary authority under Section 4(c)(b); (2) whether the proposed exemption is consistent with the standards set forth in Section 4(c) of the CEA; (3) whether there is sufficient authority under existing law for the SEC to exercise its regulatory and supervisory authority over transactions effected pursuant to the Linkage; (4) any material adverse effects that granting the PHLX petition would have upon other securities exchanges, futures exchanges, or Commission registrants, such as FCMs, from a competitive or other perspective; (5) the type of risk assessment information that should be available to the Commission regarding such transactions by FCM affiliates; (6) whether the Commission should attach any conditions to any exemptive relief that may be granted; and (7) any other issues relevant to this petition.

Issued in Washington, DC, on October 2, 1996, by the Commission.

Jean A. Webb,

*Secretary of the Commission.*

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## DEPARTMENT OF DEFENSE

### Department of the Navy

#### Notice of Intent To Grant Exclusive Patent License to Shipley Company, L.L.C.

**SUMMARY:** The Department of the Navy hereby gives notice of its intent to grant to Shipley Company, L.L.C., a revocable, nonassignable, partially exclusive license in certain foreign countries to practice the Government owned inventions described in U.S. Patent Application Serial No. 08/375,997 entitled "Liquid Crystal Composition and Alignment Layer," filed January 20, 1995, and U.S. Patent Application Serial No. 08/559,318 also entitled "Liquid Crystal Composition and Alignment Layer," filed November 15, 1995, both in the field of liquid crystal display manufacturing.

Anyone wishing to object to the grant of this license has 60 days from the date of this notice to file written objections along with supporting evidence, if any. Written objections are to be filed with the Office of Naval Research, ONR 00CC, Ballston Tower One, Arlington, Virginia 22217-5660.

**FOR FURTHER INFORMATION CONTACT:** Mr. R.J. Erickson, Staff Patent Attorney, Office of Naval Research, ONR 00CC, Ballston Tower One, 800 North Quincey Street, Arlington, Virginia 22217-5660, telephone (703) 696-4001.

Dated: September 25, 1996.

D.E. Koenig,

*LCDR, JAGC, USN, Federal Register Liaison Officer.*

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## DEPARTMENT OF ENERGY

### Office of Fossil Energy

[FE Docket Nos. 96-53-NG, 96-59-NG]

#### EMC Gas Transmission Company, Chevron U.S.A. Inc.; Orders Granting Authorization To Import and/or Export Natural Gas

**AGENCY:** Office of Fossil Energy, DOE.

**ACTION:** Notice of Orders.

**SUMMARY:** The Office of Fossil Energy of the Department of Energy gives notice that it has issued Orders authorizing various imports and/or exports of natural gas. These Orders are summarized in the attached Appendix.

These Orders are available for inspection and copying in the Office of Fuels Programs Docket Room, 3-F056, Forrestal Building, 1000 Independence

<sup>28</sup> Petition at p. 15.

<sup>29</sup> *Id.*

<sup>30</sup> H.R. Rep. No. 102-978, 102d Cong., 2d Sess. 78 (1992).

<sup>31</sup> 7 U.S.C. 6(c)(3)(k)(1994).

<sup>32</sup> See *supra* note 3.

<sup>33</sup> See *id.* and Section II.C.2.a *supra*.