Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been otherwise 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)(1) 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 as indicated, unless accomplished previously.

To detect and correct fatigue cracking in certain areas of the rear spar of the wing, which may lead to reduced structural integrity of the wing and the main landing gear (MLG), accomplish the following:

Restatement of Actions Required by AD 93–08–15

(a) For airplanes having manufacturer's serial numbers (MSN) 003 through 008 inclusive, and 010 through 021 inclusive: Prior to the accumulation of 12,000 total flight cycles, or within 500 flight cycles after June 11, 1993 (the effective date of AD 93–08–15, amendment 39–8563), whichever occurs later, modify the inner rear spar web of the wing in accordance with Airbus Industrie Service Bulletin A320–57–1004, Revision 01, dated September 24, 1992, or Revision 02, dated June 14, 1993.

Restatement of Actions Required by AD 93–25–13

(b) For airplanes having MSN's 002 through 051 inclusive: Prior to the accumulation of 12,000 total flight cycles, or within 2,000 flight cycles after February 14, 1994 (the effective date of AD 93–25–13, amendment 39–8777), whichever occurs later, accomplish the requirements of paragraphs (b)(1) and (b)(2) of this AD in accordance with Airbus Industrie Service Bulletin A320–57–1060, dated December 8, 1992; or Revision 02, dated December 16, 1994.

(1) Perform a cold expansion of all the attachment holes for the forward pintle fitting of the MLG, except for the holes that are for taper-lok bolts.

(2) Perform a cold expansion of the holes at the actuating cylinder anchorage of the MLG.

Note 2: Accomplishment of the cold expansion in accordance with Airbus Service Bulletin A320–57–1060, Revision 01, dated April 26, 1993, is also acceptable for compliance with the requirements of paragraph (b) of this AD.

New Actions Required by This AD

(c) For all airplanes: Perform an ultrasonic inspection to detect cracking of the rear spar of the wing, in accordance with Airbus Service Bulletin A320–57–1088, Revision 02, dated July 29, 1999; at the applicable time specified by paragraph (c)(1) or (c)(2) of this AD. Repeat the inspection thereafter at intervals not to exceed 3,600 flight cycles.

(1) For airplanes on which the actions specified by Airbus Service Bulletin A320–57–1004, Revision 02, dated June 14, 1993, or earlier version; and Airbus Service Bulletin A320–57–1060, Revision 02, dated December 16, 1994, or earlier version; have been accomplished: Perform the inspection of all applicable fastener holes within 12,000 flight cycles after accomplishment of the service bulletins, or within 750 flight cycles after the effective date of this AD, whichever occurs later.

(2) For airplanes on which the actions specified by Airbus Modification 20740 and Airbus Service Bulletin A320–57–1060, Revision 02, dated December 16, 1994, or earlier version, have been accomplished; or on which Airbus Modifications 20740, 20741, and 20796 have been accomplished: Perform the inspections at the locations and applicable times specified by paragraphs (c)(2)(i) and (c)(2)(ii) of this AD.

(i) Perform the inspection of left and right fastener holes 52 to 55, 82, 83, 87, and 88; located in the rear spar of the wing; prior to the accumulation of 17,300 total flight cycles, or within 750 flight cycles after the effective date of this AD, whichever occurs later. If any cracking is found, prior to further flight, accomplish the requirements of paragraph (c)(2)(ii) of this AD.

(ii) Except as required by paragraph (c)(2)(i) of this AD: Perform the inspection of all fastener holes located in the rear spar of the wing that are not identified in paragraph (c)(2)(i) of this AD prior to the accumulation of 20,000 total flight cycles, or within 200 flight cycles after the effective date of this AD, whichever occurs later.

Note 3: Accomplishment of the actions specified by Airbus Service Bulletin A320–57–1088, dated September 30, 1996, or Revision 01, dated September 17, 1997, prior to the effective date of this AD is acceptable for compliance with the requirements of the initial inspection required by paragraph (c) of this AD.

(d) If any crack is found during any inspection required by paragraph (c) of this AD: Prior to further flight, repair in accordance with a method approved by either the Manager, International Branch, ANM–116, FAA, Transport Airplane Directorate; or the DGAC (or its delegated agent). For a repair method to be approved by the Manager, International Branch, ANM–116, as required by this paragraph, the Manager's approval letter must specifically reference this AD.

Optional Terminating Action

(e) Modification of all specified fastener holes in the rear spar of the wing in accordance with Airbus Service Bulletin A320–57–1089, dated December 22, 1996; Revision 01, dated April 17, 1997; or Revision 02, dated November 6, 1998; constitutes terminating action for the ultrasonic inspections required by this AD. Such modification, if accomplished prior to the accumulation of 12,000 total flight cycles, constitutes terminating action for the actions required by paragraphs (a) and (b) of this AD.

Alternative Methods of Compliance

(f)(1) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, International Branch, ANM–116. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, International Branch, ANM–116.

(2) Alternative methods of compliance, approved previously in accordance with AD 93–25–13; amendment 39–8777, are approved as alternative methods of compliance with this AD.

Note 4: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the International Branch, ANM–116.

Special Flight Permits

(g) 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.

Note 5: The subject of this AD is addressed in French airworthiness directive 1999–264–135(B), dated June 30, 1999.

Issued in Renton, Washington, on February 4, 2000.

Donald L. Riggin,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 00–3132 Filed 2–9–00; 8:45 am]

BILLING CODE 4910–13–U

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

RIN 3038–AB51

Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers; Amendments to the Restrictions on the Withdrawal of Equity Capital from a Futures Commission Merchant and to the Percentage Deduction (i.e., Haircut) Applied to the Value of Equity Securities Collateralizing Secured Demand Notes Included in Adjusted Net Capital by a Futures Commission Merchant or Introducing Broker

AGENCY: Commodity Futures Trading Commission.

ACTION: Proposed rules.

SUMMARY: The Commodity Futures Trading Commission (''Commission'' or ''CFTC'') is proposing to amend several provisions of its Regulation 1.17, which governs the minimum financial requirements imposed upon futures commission merchants (''FCMs'') and introducing brokers (''IBs''). The proposal would: ease the restrictions

imposed upon the withdrawal of equity capital from an FCM; increase the percentage deduction (*i.e.,* ''haircut'') applied to the value of equity securities pledged as collateral for secured demand notes that are included in the adjusted net capital of an FCM or IB; and delete a reference to a section of the Securities and Exchange Commission's (''SEC'') capital rule that has been repealed.

The Commission believes that the current restriction on the withdrawal of equity capital that is based on a percentage of the amount of funds an FCM is required to segregate or set aside for customers may be unnecessary in light of other early warning capital standards and the degree of surveillance carried out by SROs over their member FCMs. The proposed amendment increasing the haircut applied to equity securities pledged as collateral for secured demand notes would provide greater conformity between the Commission's capital rules and the capital rules of the SEC.

DATES: Comments must be received on or before March 13, 2000.

ADDRESSES: Comments should be mailed to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581. In addition, comments may be sent by facsimile to (202) 418–5521, or by electronic mail to *secretary@cftc.gov.* Reference should be made to ''Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers—Equity Capital.''

FOR FURTHER INFORMATION CONTACT: Henry J. Matecki, Financial Audit and Review Branch, Commodity Futures Trading Commission, 300 S. Riverside Plaza, Room 1600–N, Chicago, IL 60606; telephone (312) 886–3217; electronic mail *hmatecki@cftc.gov:* or Gary C. Miller, Associate Chief Accountant, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581; telephone (202) 418–5461; electronic mail *gmiller@cftc.gov.*

SUPPLEMENTARY INFORMATION:

I. Restrictions on the Withdrawal of Equity Capital From a Futures Commission Merchant

A. Background

Commission Regulation 1.17(e) [1] prohibits the withdrawal of equity capital from an FCM [2] to redeem or to repurchase shares of stock of the FCM, to pay dividends, or to make an unsecured advance or loan to a stockholder, partner, sole proprietor or employee of the FCM if, after giving effect to the withdrawal and to certain other specified withdrawals and payments, the FCM's adjusted net capital would be less than the greatest of:

(1) $300,000 (120 percent of the $250,000 minimum adjusted net capital requirement);

(2) Seven percent of the customer funds required to be segregated or set aside pursuant to the Commodity Exchange Act (''Act'') and Commission regulations, [3] (hereinafter collectively referred to as the ''customer segregated and secured amount'');

(3) 120 percent of the amount of adjusted net capital required by a registered futures association of which the FCM is a member; or

(4) For an FCM that is also a securities broker or dealer registered with the Securities and Exchange Commission (''SEC''), the amount of net capital specified in SEC Rule 15c3–1(e) (17 CFR 240.15c3–1(e)).

The Joint Audit Committee (''JAC'') has petitioned the Commission to amend the restriction in (2) above to permit the withdrawal of equity capital from an FCM provided that, after giving effect to the withdrawal, the FCM's adjusted net capital is in excess of six percent of the customer segregated and secured amount. [4] The JAC's petition did not address the other withdrawal restrictions listed above.

In its petition, the JAC stated that prohibiting capital withdrawals that result in an FCM having adjusted net capital that is less than seven percent of the customer segregated and secured amount is an unnecessary regulatory burden. In support of its position, the JAC claimed that other provisions of the Commission's regulations also impose effective restraints on the excessive withdrawal of capital from an FCM by an equity holder. Specifically, the JAC noted that: (1) FCMs are required to maintain minimum adjusted net capital of at least four percent of the customer segregated and secured amount funds requirements in order to operate and to handle customer positions and funds; (2) the Commission's ''early warning'' notice and financial reporting requirements provide the Commission and the FCMs' designated self-regulatory organizations (''DSRO'') with the ability to monitor the financial condition and operations, including capital withdrawals, of an FCM that fails to maintain adjusted net capital at a level that exceeds six percent of the customer segregated and secured amount; and (3) the Commission's debt-equity ratio requirement imposes an effective restraint on the excessive withdrawal of equity capital.

Furthermore, the JAC stated that the changes it requested would provide greater harmony between the Commission's capital rules and the capital rules of the SEC. In this regard, the JAC noted that the SEC's capital rules permit withdrawals of capital from a broker or dealer provided that, after giving effect to the withdrawal, the broker's or dealer's net capital equals or exceeds the SEC's early warning level. Each of the reasons set forth by the JAC is discussed below.

B. Proposed Rule Amendments

After careful consideration of the JAC's petition and the issues that the petition presents, the Commission is proposing to amend Regulation 1.17(e) to permit equity capital withdrawals provided that, after giving effect to the withdrawals, the FCM's adjusted net capital is in excess of six percent of the customer segregated and secured amount. The Commission is not proposing to amend any of the other capital withdrawal restrictions set forth in the regulation.

An FCM is required to maintain minimum adjusted net capital of the greatest of: (A) $250,000; (B) four percent of the customer segregated and secured amount; (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 SEC Rule 15c3–1(a) (17 CFR

[1] Commission rules cited herein can be found at 17 CFR Ch. I (1999).

[2] The prohibition against withdrawal of equity capital set forth in Regulation 1.17(e) applies to both FCMs and IBs. The restriction requires consideration of both the minimum dollar amount of net capital required for both types of registrants ($250,000 for FCMs and $30,000 for IBs) and, just for FCMs, the amount of funds required to be segregated and set aside for FCMs' customers. For purposes of this proposal, only the restriction on FCMs need be addressed since the change relates only to the percentage applied to the amount of funds required to be segregated and set aside for customers.

[3] Before applying the percentage capital factor, the amount required to be segregated or set aside is reduced by 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 for which the full premiums have been paid: provided, however, that the option premium deduction for each customer is limited to the amount of customer funds and the foreign futures and foreign options secured amounts in such customer's account(s).

[4] The JAC is comprised of representatives of the audit and compliance departments of the self-regulatory organizations (''SROs'') and National Futures Association. The JAC coordinates the industry's audit and ongoing surveillance activities to promote a uniform framework of self-regulation.

240.15c3–1(a)). FCMs that are members of commodity exchanges must comply with the net capital requirements of those exchanges, which are required to be at least as stringent as the Commission's. [5] Generally, FCMs that handle customer accounts are required to maintain adjusted net capital in excess of four percent of the customer segregated and secured amount.

An FCM that is not in compliance with the minimum net capital requirement must transfer all customer accounts and immediately cease doing business as an FCM. [6] Therefore, each FCM must ensure that a capital withdrawal does not cause the FCM's adjusted net capital to fall below four percent of the customer segregated and secured amount.

In addition, the Commission's ''early warning'' notice and financial reporting requirements deter excessive equity withdrawals. Commission Regulation 1.12(b)(2) requires an FCM to notify its DSRO and the Commission in writing if its adjusted net capital does not equal or exceed six percent of the customer segregated and secured amount. These early warning notices must be filed within five business days of the FCM's adjusted net capital falling below the early warning level. Moreover, Commission Regulation 1.12(g)(2) requires an FCM to give the Commission written notice at least two business days prior to a planned withdrawal of equity capital if the withdrawal would reduce excess net capital by 30 percent or more from that most recently reported in a financial report filed with the Commission.

An FCM that hits the early warning trigger is also required to file a financial report on Form 1–FR–FCM with the Commission and its DSRO as of the close of the month during which its adjusted net capital does not exceed the early warning level and for each month thereafter until three successive months have elapsed during which its adjusted net capital is at all times equal to or in excess of the early warning level. [7] This early warning notice is intended to bring to the Commission's and DSRO's attention firms that should be subjected to closer monitoring because of their minimal regulatory capital.

Furthermore, the Commission's ''debt-equity ratio'' requirement also limits the amount of capital that may be withdrawn from an FCM. Commission Regulation 1.17(d) prohibits the withdrawal of capital from an FCM if, after giving effect to the withdrawal, the FCM's equity capital would be less than 30 percent of its debt-equity total. [8]

Finally, setting the capital withdrawal limit at the Commission's early warning level is supported by the capital withdrawal rules adopted by the SEC for securities brokers or dealers that compute their minimum net capital requirement in accordance with the SEC's ''alternative'' method. [9] SEC Rule 15c3–1(e)(2)(vi) (17 CFR 240.15c3–1(e)(2)(vi)) prohibits a capital withdrawal from a broker or dealer that computes its minimum net capital requirement under the alternative method if, after giving effect to the withdrawal, the broker's or dealer's minimum net capital would be less than five percent of the aggregate debit items as determined by the Reserve Formula. The SEC's early warning requirement for such brokers and dealers is also set at five percent of aggregate debit items. [10]

II. Equity Securities Pledged as Collateral for Secured Demand Notes

A. Background

Commission Regulation 1.17(h) sets forth the minimum requirements for satisfactory subordination agreements. An FCM or IB may enhance its regulatory capital by borrowing cash pursuant to subordinated loan agreements or by accepting secured demand notes. A secured demand note must be collateralized by cash or readily marketable securities. [11] The securities collateralizing a secured demand note are subject to percentage deductions (*i.e.,* haircuts) to provide protection against a potential decrease in the market values of the securities. Commission regulations, however, do not specify the specific haircuts to be applied. Instead, the Commission's regulations provide that an FCM or IB must apply the haircuts that are set forth in SEC Rule 15c3–1(c)(2)(vi) (17 CFR 240. 15c3–1(c)(2)(vi)), which are the haircuts that a broker or dealer must apply to securities that it includes in its capital computation.

When the Commission adopted its current capital rules in September 1978, the haircut for an equity security under SEC Rule 15c3–1(c)(2)(vi) was 30 percent. Therefore, an FCM or IB was required to apply a 30 percent haircut to an equity security collateralizing a secured demand note. [12]

In December 1992, the SEC amended its capital rules. As part of these amendments, the SEC amended Rule 15c3–1(c)(2)(vi) by reducing the haircut on equity securities from 30 percent to 15 percent. [13] Since the Commission's capital rules incorporated the haircuts in SEC Rule 15c3–1(c)(2)(vi), the Commission's capital rules were effectively amended and the haircut applied to equity securities collateralizing a secured demand note was reduced from 30 percent to 15 percent. In the December 1992 amendments, however, the SEC also explicitly retained the 30 percent haircut on equity securities collateralizing secured demand notes included in adjusted net capital by brokers or dealers. Thus, an unintended difference developed between the Commission's capital rules and the capital rules of the SEC. The difference stems from the Commission incorporating the SEC's regulation imposing haircuts on securities that a broker or dealer includes in its capital computation (Rule 15c3–1(c)(2)(vi)) as opposed to the regulation imposing haircuts on securities that a broker or dealer receives as collateral for a secured demand note that was contributed as capital (Rule 15c3–1d) (17 CFR 240.15c3–1(d)).

B. Proposed Rule Amendment

The Commission attempts to maintain, to the extent practicable, uniformity between its capital rules and those of the SEC. Uniform capital rules more readily permit dually-registered FCMs (*i.e.,* FCMs that are also SEC-registered securities brokers or dealers) that comply with the Commission's

[5] See Regulations 1.17(a)(2)(i) and 1.52.

[6] See Regulation 1.17(a)(4).

[7] See Regulation 1.12(b)(4).

[8] Equity capital is defined by Regulation 1.17(d)(1) to include certain loans subject to qualifying satisfactory subordination agreements and the following:

(1) In the case of a corporation, the sum of its par or stated value of capital stock, paid in capital in excess of par, retained earnings, unrealized profit and loss, and other capital accounts;

(2) In the case of a partnership, the sum of its capital accounts of partners (inclusive of such partners' commodity interest and securities accounts subject to the provisions of Rule 1.17(e) concerning restrictions on withdrawals of equity capital), and unrealized profit and loss; and

(3) In the case of a sole proprietorship, the sum of its capital accounts and unrealized profit and loss.

''Debt-equity total'' is defined by Regulation 1.17(d)(2) and encompasses equity capital as defined above plus loans subject to satisfactory subordination agreements that do not qualify as equity capital under Regulation 1.17(d)(1).

[9] SEC Rule 15c3–1(a)(1)(ii) (17 CFR 240.15c3–1(a)(1)(ii)) requires a securities broker or dealer computing its minimum net capital requirement under the alternative method to maintain minimum net capital of not less than the greater of $250,000 or 2 percent of aggregate debit items computed in accordance with the Formula for Determination of Reserve Requirement for Brokers and Dealers (Exhibit A to Rule 15c3–3).

[10] 17 CFR 240.17a–11(c)(2).

[11] The value of the collateral, after applicable haircuts, must exceed the full outstanding face amount of the secured demand note.

[12] 43 FR 39956 (September 8, 1978).

[13] 57 FR 56984 (December 2, 1992).

capital rules to comply with the SEC's capital rules. As set forth above, the Commission's capital rules were originally consistent with the SEC's capital rules with respect to the haircuts to be applied to equity securities collateralizing secured demand notes and the current difference is unintended. Accordingly, in order to provide greater uniformity between the Commission and SEC capital rules, the Commission proposes increasing to 30 percent from 15 percent the haircut on the market value of equity securities pledged as collateral for a secured demand note.

III. Technical Amendment

Commission Regulation 1.17(c)(5)(v) requires an FCM or IB, in computing its adjusted net capital, to apply haircuts to securities positions carried in the FCM's or IB's proprietary accounts and to securities purchased with customer funds that are required to be segregated or set aside in separate accounts. The regulation directs the FCM or IB to apply the specific haircut percentages that are set forth in SEC Rule 15c3–1(c)(2)(vi) for equity securities and Rule 15c3–1(c)(2)(vii) (17 CFR 240.15c3–1(c)(2)(vii)) for non-marketable securities, or Rule 15c3–1(f) (17 CFR 240. 15c3–1(f)) for dually registered securities brokers or dealers and FCMs that compute their minimum net capital requirements in accordance with the SEC's ''alternative, or aggregate debit items,'' method.

In December 1992, the SEC amended its capital rules by, among other things, revising the securities haircuts that a broker or dealer subject to the alternative capital method had to apply to securities positions in the broker's or dealer's proprietary accounts. Specifically, the amendments made the haircuts consistent regardless of the method that a broker or dealer used in computing its minimum net capital. The SEC effected the revisions by consolidating the haircuts in Rule 15c3–1(f) into Rules 15c3–1(c)(2)(vi) and 15c3–1(c)(2)(vii) and repealing15c3–1(f). Accordingly, the Commission proposes deleting the reference to Rule 15c3–1(f) in its Rule 1.17(c)(5)(v).

IV. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (''RFA''), 5 U.S.C. 601–611, requires that agencies, in proposing rules, consider the impact of those rules on small businesses. The proposed rule amendments discussed herein would affect FCMs and IBs. The Commission has previously determined that, based upon the fiduciary nature of FCM/customer relationships, as well as the requirement that FCMs meet minimum financial requirements, FCMs should be excluded from the definition of small entity.[14]

With respect to IBs, the Commission stated that it is appropriate to evaluate within the context of a particular rule whether some or all IBs should be considered to be small entities and, if so, to analyze the economic impact on such entities at that time.[15] The proposed technical amendment to Regulation 1.17(c)(5)(v) and the proposed amendment to Regulation 1.17(e) easing the restriction on the withdrawal of equity capital from an FCM do not impose additional requirements on an IB. The proposed amendment to Regulation 1.17(h)(1)(iii) increasing the haircut on equity securities submitted as collateral for a secured demand note may impact an IB's financial operations. The proposal, however, conforms the Commission's rules to those of the SEC and restores the haircut to its previous level prior to the SEC amendment of its capital rules in December 1992. Thus, on behalf of the Commission, the Chairman certifies that the proposed rule amendments will not have a significant economic impact on a substantial number of small entities. The Commission, however, invites comments from registered FCMs or IBs who believe that the proposed amendments would have a significant impact on their operations.

B. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 *et seq.* (Supp. I 1995), requires federal agencies (including the Commission) to review rules and rule amendments to evaluate the information collection burden that they impose on the public. The Commission believes that paragraphs (c)(5)(v), (e)(1)(ii), and (h)(1)(iii) of Rule 1.17, as proposed, do not impose an information collection burden on the public.

List of Subjects in 17 CFR Part 1

Brokers, Commodity futures.

In consideration of the foregoing and pursuant to the authority contained in the Commodity Exchange Act and, in particular, Sections 4f, 4g and 8a(5) thereof, 7 U.S.C. 6d, 6g and 12a(5), the Commission hereby proposes to amend Chapter I of Title 17 of the Code of Federal Regulations as follows:

[14] 47 FR 18618, 18619–18620 (April 30, 1982).

[15] 48 FR 35248, 35275–78 (August 3, 1983).

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.

2. Section 1.17 is amended by revising paragraphs (c)(5)(v), (e)(1)(ii), and (h)(1)(iii) to read as follows:

§ 1.17 Minimum financial requirements for futures commission merchants and introducing brokers.

* * * * *

(c) * * *

(5) * * *

(v) In the case of securities and obligations used by the applicant or registrant in computing net capital, and in the case of a futures commission merchant with securities in segregation pursuant to Section 4d(2) of the Act and these regulations which were not deposited by customers, the percentages specified in Rule 240.15c3–1(c)(2)(vi) of the Securities and Exchange Commission (17 CFR 240.15c3–1(c)(2)(vi)) (''securities haircuts'') and 100 percent of the value of ''nonmarketable securities'' as specified in Rule 240.15c3–1(c)(2)(vii) of the Securities and Exchange Commission (17 CFR 240.15c3–1(c)(2)(vii));

* * * * *

(e) * * *

(1) * * *

(ii) For a futures commission merchant or applicant therefor, 6 percent of the following amount: The customer funds required to be segregated pursuant to the Act and the regulations in this part 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 for which the full premiums have been paid: 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;

* * * * *

(h) * * *

(1) * * *

(iii) The term ''collateral value'' of any securities pledged to secure a secured demand note means the market value of such securities after giving effect to the percentage deductions specified in Rule 240.15c3–1d(a)(2)(iii) of the Securities

and Exchange Commission (17 CFR 240.15c3–1d(a)(2)(iii)).

* * * * *

Issued in Washington D.C. on February 3, 2000 by the Commission.

Catherine D. Dixon,

Assistant Secretary of the Commission.

[FR Doc. 00–2917 Filed 2–9–00; 8:45 am]

BILLING CODE 6351–01–P

LIBRARY OF CONGRESS

Copyright Office

37 CFR Part 201

[Docket No. RM 99–7A]

Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies

AGENCY: Copyright Office, Library of Congress.

ACTION: Extension of initial comment period and reply comment period. Expansion of file formats acceptable for electronic submission of comments.

SUMMARY: The Copyright Office is extending the comment period and the reply comment period in the rulemaking on possible exemptions to the prohibition against circumvention of technological measures that control access to copyrighted works. The Office is also expanding the list of formats in which acceptable comments may be submitted electronically.

DATES: Written comments are due February 17, 2000. Reply comments are due March 20, 2000.

ADDRESSES: Submissions by electronic mail should be made to ''1201@loc.gov''. *See* **SUPPLEMENTARY INFORMATION** section for file formats and other information about electronic filing. If delivered by hand, comments should be delivered to the Office of the General Counsel, Copyright Office, LM–403, James Madison Memorial Building, 101 Independence Avenue, S.E., Washington, DC. If delivered by mail, comments should be addressed to David O. Carson, General Counsel, Copyright GC/I&R, P.O. Box 70400, Southwest Station, Washington, DC 20024. *See* **SUPPLEMENTARY INFORMATION** section for information about formats of submissions.

FOR FURTHER INFORMATION CONTACT: David O. Carson, General Counsel, Charlotte Douglass, Principal Legal Advisor, or Robert Kasunic, Senior Attorney Advisor, Copyright GC/I&R, P.O. Box 70400, Southwest Station, Washington, DC 20024. Telephone (202) 707–8380; telefax (202) 707–8366.

SUPPLEMENTARY INFORMATION: On November 24, 1999, the Copyright Office published a Notice of Inquiry seeking comment in connection with a rulemaking pursuant to section 1201(a)(1) of the Copyright Act, 17 U.S.C. 1201(a)(1), which provides that the Librarian of Congress may exempt certain classes of works from the prohibition against circumventing a technological measure that controls access to a copyrighted work. 64 FR 66139 (November 24, 1999). Comments were due on February 10, 2000; reply comments were due on March 13, 2000.

The Office has, however, received a request for a one-week extension of the filing deadline for initial comments. Moreover, the Office has already received a number of comments submitted in electronic form, and a number of those comments have not met the format requirements for electronic submissions. The Office has, therefore, decided to extend the deadlines for filing of initial and reply comments by one week in order to accommodate the request for additional time and in order to provide those persons who have submitted comments in unacceptable formats an opportunity to correct their submissions.

The new deadlines are: February 17, 2000 for initial comments and March 20, 2000 for reply comments.

As stated in the Notice of Inquiry, the Office will be placing all comments and reply comments that are submitted in electronic form on its website (http://lcweb.loc.gov/copyright/1201). Because of this, the Office prefers that comments and reply comments be submitted in electronic form. The Office has already received a large number of comments in this form, and many have not been in acceptable formats. The Notice of Inquiry required that comments sent by e-mail must be sent in the form of a MIME attachment to an e-mail message, and the attachment must be in a single file in either (1) Adobe Portable Document File (PDF) format (preferred); (2) Microsoft Word Version 7.0 or earlier; or (3) WordPerfect 7 or earlier. It also stated that comments may be submitted in electronic form on 3.5-inch write-protected diskettes or in traditional written (hard copy print) form.

The Office has received some complaints that restricting electronic comments to these three proprietary formats (Adobe PDF, Microsoft Word and WordPerfect) has created difficulties for some persons who wish to submit comments electronically. The Office is, therefore, expanding the list of acceptable formats for comments in electronic form. If submitted by e-mail, such comments must still be submitted as MIME file attachments to e-mail messages. Whether submitted by e-mail or on diskettes, comments may also be submitted in ASCII text file format or RTF (Rich Text File) format.

Concern has also been expressed about the requirement that comments include not only the name of the person making the submission, but also the submitter's mailing address, telephone number, telefax number and e-mail address. All comments submitted in electronic form will be posted on the Office's website, and some persons making comments may prefer that such personal information not be made available on the Internet. The Office is, therefore, amending the requirements relating to identifying information that must be included in a comment. At the same time it is affirming that the filer's name must be on a comment. Persons submitting electronic comments in electronic form must also include, in the e-mail message to which the comment is attached or in a cover letter accompanying the diskette, all such identifying information. Persons submitting comments in traditional written form should note that the Office may post some or all of those comments on its website; therefore, such persons who do not wish to have such identifying information made available on the website should include that information in a separate cover letter accompanying the comments.

The Office is amending its instructions concerning formats for comments as follows:

Comments and reply comments may be submitted in electronic form, in one of the following formats:

1. *If by electronic mail:* Send to ''1201@loc.gov'' a message containing the name of the person making the submission, his or her title and organization (if the submission is on behalf of an organization), mailing address, telephone number, telefax number (if any) and e-mail address. The message should also identify the document clearly as either a comment or reply comment. The document itself must be sent as a MIME attachment, and must be in a single file in either: (1) Adobe Portable Document File (PDF) format (preferred); (2) Microsoft Word Version 7.0 or earlier; (3) WordPerfect 7 or earlier; (4) ASCII text file format; or (5) Rich Text File (RTF) format.

2. *If by regular mail or hand delivery:* Send, to the appropriate address listed above, two copies of the comment, each on a 3.5-inch write-protected diskette,