supplemental type certification basis for the Boeing Model 747–2G4B series airplanes modified by Boeing Airplane Services.

1. *Protection from Unwanted Effects of High-Intensity Radiated Fields (HIRF).* Each electrical and electronic system that performs critical functions must be designed and installed to ensure that the operation and operational capability of these systems to perform critical functions are not adversely affected when the airplane is exposed to high-intensity radiated fields.

2. For the purpose of these special conditions, the following definition applies: *Critical Functions:* Functions whose failure would contribute to or cause a failure condition that would prevent the continued safe flight and landing of the airplane.

Issued in Renton, Washington, on July 27, 2000

Vi L. Lipski,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 00–19841 Filed 8–3–00; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 00–ASO–23]

Establishment of Class D Airspace: Kissimmee, FL

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action establishes Class D airspace at Kissimmee, FL. Air traffic controllers at Kissimmee Municipal Airport, FL, will be certificated weather observers by October 5, 2000. Therefore, the airport will meet criteria for Class D airspace on October 5, 2000. Class D surface area airspace is required when the control tower is open to accommodate current Standard Instrument Approach Procedures (SIAPs) and for Instrument Flight Rules (IFR) operations at the airport. This action establishes Class D airspace extending upward from the surface to and including 2,500 feet mean sea level (MSL) within a 4-mile radius of the Kissimmee Municipal Airport.

EFFECTIVE DATE: 0901 UTC, October 5, 2000.

FOR FURTHER INFORMATION CONTACT: Nancy B. Shelton, Manager, Airspace Branch, Air Traffic Division, Federal Aviation Administration, PO Box 20636, Atlanta, Georgia 30320; telephone (404) 305–5586.

SUPPLEMENTARY INFORMATION:

History

On June 20, 2000, the FAA proposed to amend part 71 of the Federal Aviation Regulations (14 CFR part 71) by establishing Class D airspace at Kissimmee, FL (65 FR 38224). Designations for Class D airspace extending upward from the surface of the earth are published in FAA Order 7400.9G, dated September 1, 1999, and effective September 16, 1999, which is incorporated by reference in 14 CFR part 71.1. The Class D designations listed in this document will be published subsequently in the Order.

Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal were received.

The Rule

This amendment to Part 71 of the Federal Aviation Regulations (14 CFR part 71) establishes Class D airspace at Kissimmee Municipal Airport.

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. It, therefore, (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 will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS

1. The authority citation for 14 CFR part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g); 40103, 40113, 40120; EO 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389; 14 CFR 11.69.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9G, Airspace Designations and Reporting Points, dated September 1, 1999, and effective September 16, 1999, is amended as follows:

Paragraph 5000 Class D Airspace.

* * * * *

ASO FL D Kissimmee, FL [New]

Kissimmee Municipal Airport, FL
(Lat. 28°17′23″N, long. 81°26′14″W)

That airspace extending upward from the surface to and including 2,600 feet MSL within a 4-mile radius of Kissimmee Municipal Airport. This Class D airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Airport/Facility Directory.

* * * * *

Issued in College Park, Georgia, on July 27, 2000.

Wade T. Carpenter,

Acting Manager, Southern Region.

[FR Doc. 00–19838 Filed 8–3–00; 8:45 am]

BILLING CODE 4910–13–M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 1

RIN 3038–AB35

Final Rules Concerning Amendments to Insider Trading Regulation

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rulemaking.

SUMMARY: The Commodity Futures Trading Commission (''Commission'') hereby amends Commission Regulation 1.59, which addresses various trading prohibitions imposed on persons associated with a self-regulatory organization (''SRO''). Regulation 1.59 requires SROs to adopt rules prohibiting employees, governing board members, and committee members from certain trading activities and from improperly disclosing any material, non-public

information obtained in the course of their official duties. The Commission is now amending Regulation 1.59 so that governing board members and committee members, and individuals serving as the ''functional equivalent'' of such members, are clearly excluded from the definition of ''employee'' for purposes of Regulation 1.59. The Commission also takes this opportunity to clarify the meaning of Regulation 1.59(b)(1)(i) regarding the scope of the SRO employee trading prohibition, and to make clear that ''non-paid advisors'' to exchange governing boards and committees will be deemed the ''functional equivalent'' of whomever they are advising. Finally, the Commission has determined to amend Regulation 1.59 so that consultants to SROs are, at minimum, subject to the same restrictions as governing board members.

EFFECTIVE DATE: December 4, 2000.

FOR FURTHER INFORMATION CONTACT: Joshua R. Marlow, Attorney-Advisor, 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

On December 28, 1999, the Commission published proposed amendments to Regulation 1.59 (''proposing release''),[1] which generally requires SROs to adopt rules prohibiting employees, governing board members, and committee members from trading commodity interests on the basis of material, non-public information obtained in the course of their official duties (hereinafter referred to as ''material, non-public information''). As proposed, the amendments would exclude governing board members, and any ''functional equivalent'' thereof, from the definition of ''employee,'' and would clarify the scope of the SRO employee trading prohibition. The Commission also sought comment on how Regulation 1.59 should treat consultants to SRO management and staff, in addition to non-paid advisors to SRO governing boards and committees. The Commission received 6 comment letters in response to the proposed amendments.[2]

[1] *See* 64 FR 72587 (Dec. 28, 1999).

[2] Letters were received from (1) New York Mercantile Exchange, (2) National Futures Association (''NFA''), (3) Minneapolis Grain Exchange, (4) Chicago Mercantile Exchange (''CME''), (5) Chicago Board of Trade (''CBT''), and (6) Board of Trade Clearing Corporation (''BOTCC'').

II. Rule Amendments

A. Background

Historically, two categories of individuals have been subject to Commission Regulation 1.59: (1) SRO employees, including those employed by the SRO on a salaried or contract basis, and (2) SRO governing board and committee members. Regulation 1.59 prohibits these groups from trading under various circumstances.

Specifically, employees are absolutely prohibited from trading in any commodity interest traded on or cleared by their employing contract market or clearing organization, or from trading in any ''related commodity interest,'' as that term is defined by Regulation 1.59(a).[3] Additionally, employees with access to material, non-public information concerning a particular commodity interest are prohibited from trading in such commodity interest if it is traded on or cleared by contract markets or clearing organizations other than their employing SRO, or traded on or cleared by a linked exchange.

Governing board members and committee members, on the other hand, are prohibited only from using material, non-public information for any purpose other than the performance of their official duties. The possession of material, non-public information, therefore, does not absolutely bar these individuals from trading commodity interests. Rather, under Regulation 1.59(d), governing board and committee members are prohibited from trading for their own account, or for or on behalf of any other account, based on this material, non-public information.

B. Governing Board Members

The Commission proposed to exclude salaried governing board members from the definition of ''employee'' under Regulation 1.59(a) in order to ensure that salaried governing board members are not subject to two inconsistent trading restrictions—one for governing board members and another, more restrictive, prohibition for employees. At the time these clauses were adopted, members of governing boards generally were not salaried. Because the industry now typically gives stipends to governing board members, the Commission proposed to remove any confusion by excepting salaried governing board members from the definition of ''employee.''

The Commission believes that inclusion of salaried governing board members in the definition of ''employee'' might create disincentives for competent individuals to serve in this capacity. If excluded from the definition of ''employee,'' governing board members would remain prohibited from using material, non-public information for purposes other than performance of their official duties, pursuant to Regulation 1.59(c). All but one commenter supported this amendment,[4] and the Commission has determined to adopt the proposal.

C. Individuals Serving as the ''Functional Equivalent'' of Governing Board Members

The Commission proposed to add a clause defining the term ''governing board member'' to include certain individuals who work closely with, but who are not technically members of, the governing board, like *ex officio* or *emeritus* governing board members. The proposed language would deem such individuals to be the ''functional equivalent'' of governing board members. Because of their experience, these members can provide valuable guidance to the governing board. However, including them in the definition of ''employee'' would subject them to broad restrictions on trading, potentially creating a disincentive to counsel the board on matters within their expertise.

Four commenters supported the proposal, and another expressed its support while noting that its board presently does not have any such individuals participating.[5] The Commission has determined to adopt the proposal.

D. Employees With Access to Material, Non-Public Information Concerning Commodity Interests Traded on or Cleared by Other SROs

Regulation 1.59(b)(1)(i) requires SROs to maintain in effect rules which, at a minimum, prohibit employees from trading in the following four scenarios:

In any commodity interest traded on or cleared by the employing contract market or

[3] ''*Related commodity interest* means any commodity interest which is traded on or subject to the rules of a contract market, linked exchange, or other board of trade, exchange or market, other than the self-regulatory organization by which a person is employed, and with respect to which:

(i) Such employing self-regulatory organization has recognized or established intermarket spread margins or other special margin treatment between that other commodity interest and a commodity interest which is traded on or subject to the rules of the employing self-regulatory organization; or

(ii) Such other self-regulatory organization has recognized or established intermarket spread margins or other special margin treatment with another commodity interest as to which the person has access to material, nonpublic information.''

[4] BOTCC did not express an opinion on this issue.

[5] *See* CBT comment letter, January 31, 2000. BOTCC did not comment on this issue.

clearing organization, in any related commodity interest, in any commodity interest traded on or cleared by contract markets or clearing organizations other than the employing self-regulatory organization, and in any commodity interest traded on or cleared by a linked exchange *where the employee has access to material nonpublic information concerning such commodity interest;*

Regulation 1.59(b)(1)(i) (emphasis added).

As discussed in the proposing release, the Commission believes the existing structure of this paragraph may create confusion as to which trading prohibitions the italicized clause modifies. In particular, because no punctuation precedes the clause ''where the employee has access to material nonpublic information concerning such commodity interest'' (hereinafter referred to as the ''access clause''), this precondition for the application of the trading restriction would appear to apply to only one trading scenario—the trading scenario that immediately precedes it. However, an examination of this provision as it existed prior to the 1993 amendments to Regulation 1.59 (''1993 Amendments''), and of the **Federal Register** releases promulgating the 1993 Amendments,[6] confirms that the access clause should also apply to the prohibition on trading ''in any commodity interest traded on or cleared by contract markets or clearing organizations other than the employing self-regulatory organization.''

The Commission has decided to amend Regulation 1.59(b)(1)(i) by subdividing each prohibition into a separate subparagraph, as proposed. This amendment to paragraph (b)(1)(i) will help differentiate between situations in which employees of SROs are absolutely prohibited from trading commodity interests from those in which they are prohibited from trading only if they have access to material, non-public information.

Toward that end, the Commission has also determined to edit the language of the third clause of the paragraph. In the proposing release, the Commission suggested adding the access clause back to the third prohibition, so that it would read as it was originally intended. No commenters disagreed with this proposal. However, it also has come to the attention of the Commission that merely inserting the access clause at the end of the third prohibition, without further editing, might still result in an unclear articulation of the nature of the prohibited conduct. The clause, as proposed, would have read:

From trading, directly or indirectly, in any commodity interest traded on or cleared by contract markets or clearing organizations other than the employing self-regulatory organization where the employee has access to material, nonpublic information concerning such commodity interest; and

64 FR 72587, 72590 (Dec. 28, 1999).

Regulatory history clearly indicates that this clause was only meant to prohibit an SRO employee from trading a commodity interest on another, non-linked exchange if he or she has access to material, non-public information about that particular commodity interest. The **Federal Register** release promulgating Regulation 1.59 states unequivocally that exchanges may permit their employees to trade ''unrelated'' commodity interests on other exchanges, if they do not have access to material, non-public information.[7] The original rule proposal included an outright ban on employee trading at other exchanges,[8] but the Commission ultimately adopted less restrictive rules after receiving comments from the industry.[9]

On its face, however, the third clause could be misconstrued to mean that employees are prohibited from trading all commodity interests on a non-employing exchange, even if they only have access to material, non-public information concerning a single commodity interest traded on that exchange. This potential confusion arises out of the meaning of the word ''any,'' which connotes a slightly different meaning in the two preceding clauses. A reader applying the meaning of ''any'' consistently throughout the paragraph, as it is used in the first two clauses, might be led to believe that the prohibition extends to all contracts at another exchange. The Commission has therefore determined to edit the language of this third prohibition to read as follows:

From trading, directly or indirectly, in a commodity interest traded on or cleared by contract markets or clearing organizations other than the employing self-regulatory organization if the employee has access to material, non-public information concerning such commodity interest;[10]

E. Clarification of the Treatment of ''Consultants''

The Commission requested comment on whether ''consultants'' should be included in the definition of ''employee'' for purposes of Regulation 1.59, based upon its understanding that exchanges hire consultants for a variety of purposes,[11] often with respect to information technology issues. These consultants may or may not gain access to material, non-public information during the course of their duties, depending on the nature of the work they are performing. Although the current provisions do not explicitly include consultants within the definition of ''employee,'' the original promulgation of Regulation 1.59 in 1986 indicated the Commission's intention that consultants be included.[12] Furthermore, the definition of ''employee'' under Regulation 1.59(a) clearly states: ''Employee means any person hired or otherwise employed on a salaried *or contract basis* by a self-regulatory organization.'' (emphasis added) Although this language appears to indicate that consultants fall into the definition of ''employee'' under Regulation 1.59, it has recently come to the attention of the Commission that some exchanges retain consultants that they do not consider ''employees.''[13]

[6] *See* 58 FR 44470 (Aug. 23, 1993); 58 FR 54966 (Oct. 25, 1993).

[7] The word ''unrelated'' refers to ''related commodity interest,'' as defined by Regulation 1.59(a). *See* note 3, *supra.*

[8] *See* 50 FR 24533 (June 11, 1985).

[9] *See* 51 FR 44866, 44867 (Dec. 12, 1986). ''Commenters contended that * * * the provision need not bar employees from trading on other contract markets in commodity interests unrelated to the employing exchange's products merely because the employee was in a position to receive information that is material to activity on the employing contract market.'' In response, the Commission wrote: ''although remaining subject to the strict ban on trading on the employing exchange, if the exchange permits, an employee now would be able to trade an unrelated commodity interest on another exchange where he did not have access to material non-public information concerning such commodity interest. The Commission emphasizes that the two limiting factors with respect to trading by an employee on another exchange are: (1) That the commodity interest by [sic] unrelated to any commodity interest traded on the employing exchange, and (2) that the employee not have access to material, non-public information concerning the commodity interest or a related commodity interest.''

[10] As a result of these changes to the third prohibition, the Commission also made non-substantive changes to the language of the fourth prohibition—*i.e.*, new Regulation 1.59(b)(1)(i)(D)—for purposes of consistency.

[11] Barron's Business Guides define a consultant as an ''individual or organization providing professional advice to an organization for a fee. A wide variety of consultants exist for many areas of organizational concerns, including management, accounting, finance, and legal and technical matters. A consultant is an INDEPENDENT CONTRACTOR.'' Barron's Dictionary of Business Terms 120 (2d ed. 1994) (emphasis in original).

[12] 51 FR 44866, 44867 at note 6 (Dec. 12, 1986). ''It should be noted that consultants and independent contractors employed by the self-regulatory organization would be included within the definition of 'employee' under regulation 1.59 and, therefore, would be subject to the same restrictions applicable to all other exchange employees.''

[13] *See, e.g.*, BOTCC comment letter, February 10, 2000. ''The Clearing Corporation is further concerned by the characterization of such persons as 'employees', albeit for limited purposes. The Clearing Corporation, in its written agreements with

Continued

The Commission received a wide variety of comments with respect to this issue. Three commenters supported the idea of holding consultants to the same standard as governing board members, *i.e.*, they shall not use or disclose material, non-public information for any purpose other than the performance of official duties. NFA added that such a standard should apply only if the consultants ''are truly independent contractors and are not under the SRO's control.'' [14] Another commenter, BOTCC, stated that most of its consultants do not obtain access to material, non-public information, that it does not believe any ''purpose is served by requiring such persons to adhere to the complex policies that apply to its regular employees,'' and that it instead requires its consultants with access to material, non-public information to sign confidentiality agreements prohibiting personal use of such information.[15] CME and CBT expressed some support for classifying certain consultants as employees, or the ''functional equivalent'' thereof, depending on the nature and duration of their relationship with the SRO.[16] CME asserted, however, that consultants not subject to an employee-type trading restriction should sign an agreement not to use or disclose any material, non-public information obtained from its relationship with the SRO. CBT represented that it has no effective means of policing these consultants' trading activities.

Based upon comments received, the Commission has determined that consultants should, at minimum, be held to the same standard as governing board members. This prohibition, more narrow than one which would absolutely ban trading in any commodity interest on the contracting SRO, is based in large part on commenters' representations that most consultants do not gain access to material, non-public information during the course of their work. Moreover, the Commission acknowledges that the relationship between SROs and their consultants is generally more attenuated than their relationship with employees and, as a result, policing the trading activity of consultants could be difficult for an SRO. Accordingly, the Commission has determined to apply a less restrictive trading prohibition that will still establish appropriate safeguards against the misuse of material, non-public information.

The Commission believes that, in the first instance, it is the SRO's responsibility to distinguish between its ''employees'' and ''consultants.'' Such determinations should be made consistent with the purposes of Regulation 1.59, and should also take into account how the SRO distinguishes between employees and consultants for other business purposes.[17] The Commission will review that process in an oversight role, as appropriate.

The Commission reminds SROs that it remains their duty to enforce their own rules. In that connection, the Commission suggests that one way SROs can ensure consultants do not abuse their access to material, non-public information is to require consultants to sign confidentiality agreements prohibiting use or disclosure of material, non-public information gained as a result of the relationship. As previously noted, this is the practice of BOTCC, which was supported by CME in its comment letter. Finally, the Commission notes that those exchanges desiring greater restrictions on personal trading by consultants remain free to enforce stricter procedures.

F. Use of Non-Paid Advisors by Governing Boards and Committees

The Commission also sought comment on the application of Regulation 1.59 to non-paid advisors of SRO governing boards and committees, and requested information about the extent to which these advisors are utilized and their level of participation in deliberations. Such individuals have not been subject to Regulation 1.59 requirements. All commenters were generally in agreement that non-paid advisors to governing boards and committees should not be held to a standard more strict than the one applicable to governing board members or committee members, and several noted that they do not use such advisors. The Commission agrees and has determined that these individuals are the ''functional equivalent'' of governing board members or committee members.

G. Committee Members and the ''Functional Equivalent'' Thereof

In association with its comments regarding the exclusion of governing board members from the definition of ''employee,'' CBT noted that it also routinely pays a small fee to non-member panelists of disciplinary committees and arbitration panels and asked that the Commission also consider excepting ''committee members who are compensated by a self-regulatory organization solely for committee activities.'' [18] The Commission has considered this idea and agrees that it should be incorporated into final amendments.[19] These individuals often provide valuable advice and counsel, and the Commission would like to ensure that the potential disincentive for members to serve in this capacity is removed.

III. Conclusion

The Commission believes that these amendments to Regulation 1.59 clarify existing ambiguities and appropriately adapt to business practices and changes in the industry since the regulation was last amended. This action is taken pursuant to the Commission's authority under Sections 5(7), 8a(5) and 9(f) of the Commodity Exchange Act (''Act''). Amendments to Commission Regulation 1.59 will not become effective until 120 days after the date of publication, to provide SROs time to adopt and submit to the Commission conforming rules. The Commission expects SROs to act expeditiously in submitting appropriate rules.

IV. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (''RFA'') requires that agencies, in promulgating rules, consider the impact of those rules on small businesses.[20] The Commission previously has determined that contract markets are not ''small entities'' for purposes of the RFA and that the Commission, therefore, need not consider the effect of proposed rules on contract markets.[21] Furthermore, the Acting Chairman of the Commission previously has certified on behalf of the Commission that comparable rule proposals affecting registered futures associations, if adopted, would not have a significant

consultants, takes great care to ensure that such persons may not be deemed to be 'employees' for any purposes. We believe that the Commission's characterization of consultants as 'employees' under Regulation 1.59 undermines this effort.''

[14] *See* NFA comment letter, January 25, 2000.

[15] *See* BOTCC comment letter, February 10, 2000.

[16] *See* CME comment letter, January 26, 2000; CBT comment letter, January 27, 2000.

[17] To the extent an SRO outsources a significant function which affords access to material, non-public information, the persons with such access should be treated as SRO employees, to the extent practicable. The Commission intends to address this issue on a case-by-case basis and, in the future, will consider whether other action is indicated.

[18] *See* CBT comment letter, January 27, 2000.

[19] This change to the final amendments requires adding to Regulation 1.59(a) both a definition of ''committee member'' and a specific exception to the definition of ''employee,'' for reasons consistent with those in sections II.B., II.C., and II.F., *supra*.

[20] 5 U.S.C. 601 *et seq.* (1994 and Supp. II 1996).

[21] *See* 47 FR 18618, 18619 (Apr. 30, 1982).

economic impact on a substantial number of small entities.[22]

This rulemaking will impact SROs—both contract markets and registered futures associations—and their employees, governing board members, committee members, and certain independent contractors. The Commission previously has determined that the establishment of Regulation 1.59, as well as subsequent amendments to the regulation, have not created significant economic impact for affected entities or persons.[23]

The Commission does not believe that these amendments will have a significant economic impact on SROs or employees, governing board members, committee members, and independent contractors. The new amendments merely clarify the existing rule. The obligations and prohibitions established by the amendments are essentially the same as those created by SRO rules promulgated pursuant to existing Regulation 1.59.

B. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (''PRA''),[24] which imposes certain requirements on federal agencies (including the Commission) in connection with their conducting or sponsoring any collection of information as defined by the PRA, does not apply to this rule. The Commission believes the rule does not contain information collection requirements which require the approval of the Office of Management and Budget.

List of Subjects in 17 CFR Part 1

Commodity futures, Contract markets, Clearing organizations, Members of contract markets.

In consideration of the foregoing, and based on the authority contained in the Commodity Exchange Act and, in particular, Sections 3, 4b, 5, 5a, 6, 6b, 8, 8a, 9, 17, and 23(b) thereof, 7 U.S.C. 5, 6b, 7, 7a, 8, 13a, 12, 12a, 13, 21 and 26(b), the Commission hereby amends Title 17, Chapter I, Part 1 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. 2, 2a, 4, 4a, 6, 6a, 6b, 6c, 6d, 6e, 6f, 6g, 6h, 6i, 6j, 6k, 6l, 6m, 6n, 6o, 7, 7a, 8, 9, 12, 12a, 12c, 13a, 13a–1, 16, 19, 21, 23, and 24, unless otherwise stated.

2. Section 1.59 is amended as follows:

A. The section title is revised.

B. Paragraphs (a)(3) through (a)(8) are redesignated as paragraphs (a)(5) through (a)(10).

C. Paragraph (a)(2) is redesignated as paragraph (a)(4) and revised, and new paragraphs (a)(2) and (a)(3) are added.

D. Paragraph (b) introductory text, paragraph (b)(1), and paragraph (b)(1)(i) are revised.

E. Paragraphs (c) and (d) are revised.

§ 1.59 Activities of self-regulatory organization employees, governing board members, committee members, and consultants.

(a) *Definitions.* For purposes of this section:

* * * * *

(2) *Governing board member* means a member, or functional equivalent thereof, of the board of governors of a self-regulatory organization.

(3) *Committee member* means a member, or functional equivalent thereof, of any committee of a self-regulatory organization.

(4) *Employee* means any person hired or otherwise employed on a salaried or contract basis by a self-regulatory organization, but does not include:

(i) Any governing board member compensated by a self-regulatory organization solely for governing board activities; or

(ii) Any committee member compensated by a self-regulatory organization solely for committee activities; or

(iii) Any consultant hired by a self-regulatory organization.

* * * * *

(b) *Employees of self-regulatory organizations; Self-regulatory organization rules.* (1) Each self-regulatory organization must maintain in effect rules which have been submitted to the Commission pursuant to Section 5a(a)(12)(A) of the Act and § 1.41 (or, pursuant to section 17(j) of the Act in the case of a registered futures association) that, at a minimum, prohibit:

(i) Employees of the self-regulatory organization from:

(A) Trading, directly or indirectly, in any commodity interest traded on or cleared by the employing contract market or clearing organization;

(B) Trading, directly or indirectly, in any related commodity interest;

(C) Trading, directly or indirectly, in a commodity interest traded on or cleared by contract markets or clearing organizations other than the employing self-regulatory organization if the employee has access to material, non-public information concerning such commodity interest;

(D) Trading, directly or indirectly, in a commodity interest traded on or cleared by a linked exchange if the employee has access to material, non-public information concerning such commodity interest; and

* * * * *

(c) *Governing board members, committee members, and consultants; Self-regulatory organization rules.* Each self-regulatory organization must maintain in effect rules which have been submitted to the Commission pursuant to Section 5a(a)(12)(A) of the Act and § 1.41 (or, pursuant to Section 17(j) of the Act in the case of a registered futures association) which provide that no governing board member, committee member, or consultant shall use or disclose—for any purpose other than the performance of official duties as a governing board member, committee member, or consultant—material, non-public information obtained as a result of the performance of such person's official duties.

(d) *Prohibited conduct.* (1) No employee, governing board member, committee member, or consultant shall:

(i) Trade for such person's own account, or for or on behalf of any other account, in any commodity interest, on the basis of any material, non-public information obtained through special access related to the performance of such person's official duties as an employee, governing board member, committee member, or consultant; or

(ii) Disclose for any purpose inconsistent with the performance of such person's official duties as an employee, governing board member, committee member, or consultant any material, non-public information obtained through special access related to the performance of such duties.

(2) No person shall trade for such person's own account, or for or on behalf of any other account, in any commodity interest, on the basis of any material, non-public information that such person knows was obtained in violation of paragraph (d)(1) of this section from an employee, governing board member, committee member, or consultant.

Issued in Washington, DC, on July 27, 2000 by the Commission.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 00–19443 Filed 8–3–00; 8:45 am]

BILLING CODE 6351–01–P

[22] *See* 58 FR 13565, 13569 (Mar. 12, 1993).

[23] *See* 47 FR 18618 (Apr. 30, 1982); 50 FR 24533 (June 11, 1985); 51 FR 44866 (Dec. 12, 1986); 52 FR 32568 (Aug. 28, 1987); 52 FR 48974 (Dec. 29, 1987); 58 FR 44470 (Aug. 23, 1993); and 58 FR 54966 (Oct. 25, 1993).

[24] 44 U.S.C. 3507(d).