

requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (c) 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

Compliance with this AD is required as indicated, unless already done.

To prevent contamination of any or all of the four airplane engine fuel control units, causing power loss or one or more engines to shutdown, do the following after the effective date of this AD:

(a) Perform initial and repetitive engine fuel filter inspections in accordance with 2.A. of Accomplishment Instructions of RR Olympus 593 Mandatory Service Bulletin (MSB) OL.593-73-9093-109, Revision 1, dated November 23, 2001.

(b) Perform initial and repetitive fuel sample analysis in accordance with 2.B. of Accomplishment Instructions of RR Olympus 593 MSB OL.593-73-9093-109, Revision 1, dated November 23, 2001.

#### Alternative Methods of Compliance

(c) 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, Engine Certification Office (ECO). Operators must submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, ECO.

**Note 2:** Information concerning the existence of approved alternative methods of compliance with this airworthiness directive, if any, may be obtained from the ECO.

#### Special Flight Permits

(d) Special flight permits may be issued in accordance with §§ 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 done.

#### Documents That Have Been Incorporated By Reference

(e) The fuel filter inspections and fuel sample analysis must be done in accordance with Rolls Royce Olympus 593 MSB OL.593-73-9093-109, Revision 1, dated November 23, 2001. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. Copies may be obtained from Rolls-Royce Defence (Europe) Technical Publications Department, P.O. Box 3, Filton, Bristol BS34 7QE, England, telephone 011 7979 6060; fax 011 7979 7234. Copies may be inspected at the FAA, New England Region, Office of the Regional Counsel, 12 New England Executive Park, Burlington, MA; or at the Office of the Federal Register, 800 North Capitol Street, NW, suite 700, Washington, DC.

**Note 3:** The subject of this AD is addressed in CAA airworthiness directive 004-11-2001, dated November 2001.

#### Effective Date

(f) This amendment becomes effective on January 2, 2003.

Issued in Burlington, Massachusetts, on December 6, 2002.

**Jay J. Pardee,**

*Manager, Engine and Propeller Directorate, Aircraft Certification Service.*

[FR Doc. 02-31473 Filed 12-17-02; 8:45 am]

**BILLING CODE 4910-13-P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

## DEPARTMENT OF THE INTERIOR

### Office of Insular Affairs

#### 15 CFR Part 303

[Docket No. 991228350-2301-04]

RIN 0625-AA57

#### Changes in the Insular Possessions Watch, Watch Movement and Jewelry Program

**AGENCIES:** Import Administration, International Trade Administration, Department of Commerce; Office of Insular Affairs, Department of the Interior.

**ACTION:** Final rule.

**SUMMARY:** The Departments amend their regulations governing watch duty-exemption allocations and the watch and jewelry duty-refund benefits for producers in the United States insular possessions (the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands). The rule amends ITA regulations by clarifying the meaning of "permanent resident," which is a term used in Public Law 97-446 and the current regulations.

**EFFECTIVE DATE:** January 17, 2003

**FOR FURTHER INFORMATION CONTACT:** Faye Robinson, (202) 482-3526.

**SUPPLEMENTARY INFORMATION:** We published proposed regulatory revisions on August 29, 2002 (67 FR 55375). We received a letter from one commenter. The commenter stated that a definition for "permanent resident" is probably unnecessary but that, if there must be a definition, it should afford greater flexibility, particularly with respect to the 183 day per year residency requirement.

The commenter also pointed out that management employees at program

companies who are responsible for administrative, sales and marketing activities are frequently required to travel outside the insular possessions and, therefore, may not be able to meet the 183 day residency requirement even though they permanently reside in the insular possessions. The Departments find this argument unpersuasive. It has been the Departments' experience in administering the program over the years that most program companies have related companies based in the United States which handle almost all of their sales and marketing functions. Indeed, we are aware that most managers in the insular possessions do not go to the United States even once a year. When they do come to the United States, we understand that few, if any, spend more than two weeks a year away from the insular possessions because of their primary responsibility to oversee day-to-day manufacturing operations, do related paperwork and make shipments. We are also aware that people who handle sales and marketing of the watches and jewelry have appropriately been from related companies located in the United States, because that is where the sales activity takes place.

The commenter also stated that the 183 day residency requirement could result in denial of program benefits if an employee moved permanently to the insular possessions with less than six months left in the calendar year; if the employee has been a lifelong resident and leaves or retires or dies prior to July; or if the employee quits or is fired and moves away from the insular possession after less than six months in the insular possession. Although the commenter's hypothetical scenarios could occur, we believe they reflect rare and exceptional circumstances. It is our opinion that rules having general applicability are most firmly grounded in, and should reflect an awareness of, the usual and unexceptional, not the exceptional. Were such hypothetical exceptions to occur, watch and jewelry companies may avail themselves of the Departments' appeal procedures which are provided for in 19 CFR 303.13 and 303.21. These appeal procedures are specifically designed to accommodate such unusual circumstances. As in the past, we will continue to give due consideration to any such appeals for relief in an expeditious manner in order to avoid inequitable outcomes.

In summary, we would like to point out that the vast majority of employees in the insular possessions watch and jewelry program have only one residence and work in the insular possessions for over 183 days a year.

This rule merely clarifies the eligibility requirements for the few who have one residence in the insular possessions and one or more residences outside the insular possessions. The regulation is nothing more than a codification of the Departments' longstanding practice. The codification is necessary because of several recent inquiries and challenges regarding the Departments' practice in administering the "permanent resident" requirement. The six months (183 day) residency requirement has been a matter of administrative practice since the beginning of the program in 1967 and was more formally included in the Annual Application (Form ITA-334P) in 1982. This regulation is intended to clarify the term "permanent resident" in order to make the Departments' practice more predictable and less open to ambiguous interpretation.

Accordingly, we are adopting the proposed new definition in final form. The insular possessions watch industry provision in Sec. 110 of Pub. L. No. 97-446 (96 Stat. 2331) (1983), as amended by Sec. 602 of Pub. L. No. 103-465 (108 Stat. 4991) (1994); additional U.S. Note 5 to chapter 91 of the Harmonized Tariff Schedule of the United States ("HTSUS"), as amended by Pub. L. 94-241 (90 Stat. 263) (1976) requires the Secretary of Commerce and the Secretary of the Interior, acting jointly, to establish a limit on the quantity of watches and watch movements which may be entered free of duty during each calendar year. The law also requires the Secretaries to establish the shares of this limited quantity which may be entered from the Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands ("CNMI"). After the Departments have verified the data submitted on the annual application (Form ITA-334P), the producers' duty-exemption allocations are calculated from the territorial share in accordance with 15 CFR 303.14 and each producer is issued a duty-exemption license. The law further requires the Secretaries to issue duty-refund certificates to each territorial watch and watch movement producer based on the company's duty-free shipments and creditable wages paid during the previous calendar year.

Pub. L. 106-36 (113 Stat. 127) (1999) authorizes the issuance of a duty-refund certificate to each territorial jewelry producer for any article of jewelry provided for in heading 7113 of the HTSUS which is the product of any such territory. The value of the certificate is based on creditable wages paid and duty-free units shipped into the United States during the previous calendar year. Although the law

specifically mentions the U.S. Virgin Islands, Guam and American Samoa, the issuance of the duty-refund certificate would also apply to the CNMI due to the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (Pub. L. 94-241), which states that goods from the CNMI are entitled to the same tariff treatment as imports from Guam. See also 19 CFR 7.2(a). In order to be considered a product of such territories, the jewelry must meet the U.S. Customs Service substantial transformation requirements (the jewelry must become a new and different article of commerce as a result of production or manufacture performed in the territory). To receive duty-free treatment, the jewelry must also satisfy the requirements of General Note 3(a)(iv) of the HTSUS and applicable Customs Regulations (19 CFR 7.3).

#### Amendments

We amend Subpart A § 303.2(a) by adding paragraph (a)(16) and Subpart B § 303.16(a) by adding paragraph (a)(11) to provide a definition for "permanent resident" in order to clarify the meaning of the term solely for purposes of the insular possessions watch and jewelry program. The program was designed to spur local employment by giving producers benefits based on creditable wages paid to local people who were permanently domiciled in the insular possessions. Therefore, the Annual Application (Form ITA-334P) has always required each applicant to state the wages paid to employees who did not reside and work in the territory for at least six months during the calendar year so that the wages paid to non-residents could be deducted from the total wages before the creditable wages benefits were calculated. The program was not designed to give benefits based on creditable wages paid to program owners, shareholders or employees who are not domiciled in the insular possessions. The definition continues to provide producers with benefits based on creditable wages including the creditable wages paid to program workers who meet the permanent resident criteria which require a person with one or more residences outside the insular possessions to maintain his or her domicile in the insular possessions, to reside (*i.e.*, be physically present for at least 183 days per year) and work in the territory at a program company, and to maintain his or her principal office for day-to-day work in the insular possessions. It is the responsibility of the party to provide documentation for the 183 day claim, if it is requested by

the Departments. There will continue to be no benefits based on wages paid to persons who do not meet these permanent resident criteria.

#### Administrative Law Requirements

*Regulatory Flexibility Act.* In accordance with the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, the Chief Counsel for Regulation at the Department of Commerce has certified to the Chief Counsel for Advocacy, Small Business Administration, that the rule will not have a significant economic impact on a substantial number of small entities. The factual basis for this certification was published with the proposed rule. No comments were received regarding the economic impact of this final rule. As a result, no final regulatory flexibility analysis was prepared.

*Paperwork Reduction Act.* This rulemaking does not involve new collection-of-information requirements subject to review and approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995. Collection activities are currently approved by the Office of Management and Budget under control numbers 0625-0040 and 0625-0134.

Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with a collection of information unless it displays a currently valid OMB Control Number.

*E.O. 12866.* It has been determined that this rulemaking is not significant for purposes of Executive Order 12866.

#### List of Subjects in 15 CFR Part 303

Administrative practice and procedure, American Samoa, Customs duties and inspection, Guam, Imports, Marketing quotas, Northern Mariana Islands, Reporting and recordkeeping requirements, Virgin Islands, Watches and jewelry.

For reasons set forth above, the Departments amend 15 CFR Part 303 as follows:

#### PART 303—WATCHES, WATCH MOVEMENTS AND JEWELRY PROGRAM

1. The authority citation for 15 CFR Part 303 continues to read as follows:

**Authority:** Pub. L. 97-446, 96 Stat. 2331 (19 U.S.C. 1202, note); Pub. L. 103-465, 108 Stat. 4991; Pub. L. 94-241, 90 Stat. 263 (48 U.S.C. 1681, note); Pub. L. 106-36, 113 Stat. 127, 167.

2. Section 303.2 is amended by adding paragraph (a)(16) as follows:

**§ 303.2 Definitions and forms.**

(a) \* \* \*

(16) *Permanent resident* means a person with one residence which is in the insular possessions or a person with one or more residences outside the insular possessions who meets criteria that include maintaining his or her domicile in the insular possessions, residing (*i.e.*, be physically present for at least 183 days per year) and working in the territory at a program company, and maintaining his or her primary office for day-to-day work in the insular possessions.

\* \* \* \* \*

3. Section 303.16 is amended by adding paragraph (a)(11) as follows:

**§ 303.16 Definitions and forms.**

(a) \* \* \*

(11) *Permanent resident* means a person with one residence which is in the insular possessions or a person with one or more residences outside the insular possessions who meets criteria that include maintaining his or her domicile in the insular possessions, residing (*i.e.*, be physically present for at least 183 days per year) and working in the territory at a program company, and maintaining his or her primary office for day-to-day work in the insular possessions.

\* \* \* \* \*

**Faryar Shirzad,**

*Assistant Secretary for Import Administration, Department of Commerce.*

**David B. Cohen,**

*Deputy Assistant Secretary for Insular Affairs, Department of the Interior.*

[FR Doc. 02-31892 Filed 12-17-02; 8:45 am]

BILLING CODE 3510-DS-P; 4310-93-P

**COMMODITY FUTURES TRADING COMMISSION****17 CFR Part 4****Commodity Pool Operators and Commodity Trading Advisors**

**AGENCY:** Commodity Futures Trading Commission.

**ACTION:** Final rules.

**SUMMARY:** The Commodity Futures Trading Commission (the "Commission" or "CFTC") has adopted amendments which govern Commodity Pool Operators ("CPOs") and Commodity Trading Advisors ("CTAs"). These amendments make clear that certain Disclosure Documents, annual financial reports, notices of eligibility, claims of exemption, and requests for extensions of time to file annual

financial reports, need only be filed with the National Futures Association ("NFA") and need not also be filed with the Commission. The Commission, in separate Notices and Orders published elsewhere in the **Federal Register**, has authorized NFA to receive and review these documents.

**DATES:** Effectice January 1, 2003.

Amendments to Commission Rules 4.7(b)(3)(i) and 4.22 shall be applicable with regard to commodity pool annual financial reports for fiscal years ending on December 31, 2002, and thereafter.

**FOR FURTHER INFORMATION CONTACT:**

Kevin P. Walek, Assistant Director, Eileen R. Chotiner, Futures Trading Specialist, Audit and Financial Review Section, or Michael A. Piracci, Attorney Advisor, Compliance and Registration Section, Division of Clearing and Intermediary Oversight, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581. Telephone: (202) 418-5430.

**SUPPLEMENTARY INFORMATION:****I. Background**

In a Notice and Order issued in 1997 (the "1997 Order"), the Commission, among other things, authorized NFA to process: (1) Notices of eligibility for exclusion for certain otherwise regulated persons from the definition of CPO, pursuant to Commission Rule 4.5;<sup>1</sup> (2) notices of claim for exemption from certain part 4 requirements with respect to commodity pools and CTAs whose participants or clients are qualified eligible persons, pursuant to Commission Rule 4.7; (3) claims of exemption from certain part 4 requirements for CPOs with respect to pools that principally trade securities, pursuant to Commission Rule 4.12(b); (4) statements of exemption from registration as a CPO, pursuant to Commission Rule 4.13; and (5) notices of exemption from registration as a CTA for certain persons registered as an investment adviser, pursuant to Rule 4.14(a)(8).<sup>2</sup> As part of the 1997 Order, the Commission also authorized NFA to receive and review Disclosure Documents required to be filed with the Commission by CPOs, pursuant to Commission Rule 4.26(d), with regard to "privately offered"<sup>3</sup> commodity pools,

<sup>1</sup> Commission rules referred to herein may be found at 17 CFR ch. I (2002).

<sup>2</sup> See 62 FR 52088 (Oct. 6, 1997).

<sup>3</sup> See note 2, *supra*. Pursuant to Commission Rule 4.24(d)(3)(i), "privately offered" commodity pools are those offered pursuant to section 4(2) of the Securities Act of 1933, as amended (15 U.S.C. 77d(2)), or pursuant to Regulation D thereunder (17 CFR 230.501 *et seq.*).

and CTAs, pursuant to Commission Rule 4.36(d).<sup>4</sup>

In a separate notice published elsewhere today in the **Federal Register**, the Commission is authorizing NFA, with regard to commodity pool annual financial reports for fiscal years ending on December 31, 2002, and thereafter, to, among other things: (1) Receive and review annual financial reports required to be filed by CPOs pursuant to Commission Rules 4.7(b)(3) and 4.22(c); (2) receive and grant or deny applications filed pursuant to Commission Rule 4.22(f)(1) for extensions of time to distribute annual financial reports; and (3) process notices of claims of extension of time to distribute and file annual financial reports filed pursuant to Commission Rule 4.22(f)(2).

**II. Rule Amendments**

In the 1997 notice and order and the notice and order published elsewhere in the **Federal Register** today, the Commission noted that NFA Compliance Rule 2-13<sup>5</sup> requires NFA members to file with NFA copies of any documents required to be filed with the Commission pursuant to part 4 of the Commission's Rules. Moreover, certain of the Commission rules that are the subject of the orders explicitly require that the document be filed with both NFA and the Commission.<sup>6</sup> As a result of the Commission authorizations, it is no longer necessary for the Commission to receive copies of these documents. As discussed more fully in the notice published elsewhere today in the **Federal Register**, the Commission will have immediate electronic access to all required pertinent information contained in these documents. Moreover, if the Commission or Commission staff requires a hard copy of any of the subject documents, NFA will make such copies available within 24 hours. Accordingly, it is not necessary for the Commission to impose upon the persons filing these documents the burden and cost of having to file the documents with both NFA and the Commission. The Commission is, therefore, amending the subject rules to make clear that the required documents

<sup>4</sup> Pursuant to Commission Rule 4.24(d)(3)(i), privately offered commodity pools are those that are offered pursuant to section 4(2) of the Securities Act of 1933, as amended (15 U.S.C. 77d(2)), or pursuant to Regulation D thereunder (17 CFR 230.501 *et seq.*).

<sup>5</sup> NFA Rules may be found on NFA's Web site at: <http://www.nfa.futures.org>.

<sup>6</sup> See, e.g., Commission Rule 4.14(a)(8)(v).