

*comments.cftc.gov*. Please follow the instructions for submitting comments through the Web site;

- *By mail addressed to:* Christopher Kirkpatrick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW., Washington, DC 20581; or

- *By hand delivery/courier to:* the address listed above for submission by mail.

**FOR FURTHER INFORMATION CONTACT:**

Jacob Chachkin, Special Counsel, 202–418–5496, email: [jchachkin@cftc.gov](mailto:jchachkin@cftc.gov); or Joshua Beale, Special Counsel, 202–418–5446, email: [jbeale@cftc.gov](mailto:jbeale@cftc.gov), both in the CFTC Division of Swap Dealer and Intermediary Oversight.

**SUPPLEMENTARY INFORMATION:**

*Supporting statements.* A copy of the supporting statements for the collection of information discussed herein may be obtained by visiting <http://RegInfo.gov>.

*Comment instructions.* All comments must be submitted in English or, if not, accompanied by an English translation. Comments will be posted as received to <http://www.cftc.gov>. You should submit only information that you wish to make available publicly. If you wish the Commission to consider information that you believe is exempt from disclosure under the Freedom of Information Act (“FOIA”), a petition for confidential treatment of the exempt information may be submitted according to the procedures established in § 145.9 of the Commission’s regulations, 17 CFR 145.9. The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from <http://www.cftc.gov> that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or removed that contain comments on the merits of the ICR will be retained in the public comment file and will be considered as required under the Administrative Procedure Act and other applicable laws, and may be accessible under the FOIA.

*Title:* Disclosure and Retention of Certain Information Relating to Cleared Swaps Customer Collateral (OMB Control No. 3038–0091). This is a request for an extension of a currently approved information collection.

*Abstract:* Part 22 of the Commission’s regulations under the Commodity Exchange Act (“CEA”) establishes rules for the protection of customer collateral held by futures commission merchants (“FCM”) and derivatives clearing organizations (“DCO”) to serve as margin in cleared swaps transactions.

As part of this regulatory scheme, §§ 22.2(g), 22.5(a), 22.11, 22.12, 22.16, and 22.17 impose recordkeeping and third-party disclosure requirements on FCMs and DCOs. In addition, § 22.13(c)(2) indirectly requires FCMs who post excess collateral with DCOs to perform certain computations regarding such collateral, although it is not expected to materially affect the total paperwork burden associated with Part 22.

Section 22.2(g) requires each FCM with Cleared Swaps Customer Accounts<sup>1</sup> to, among other things, compute daily and report to the Commission the amount of Cleared Swaps Customer Collateral<sup>2</sup> on deposit in such accounts, the amount of such collateral required to be on deposit in such accounts and the amount of the FCM’s residual financial interest in such accounts. Section 22.5(a) requires an FCM or DCO to obtain, from each depository with which it deposits cleared swaps customer funds, a letter acknowledging that such funds belong to the Cleared Swaps Customers<sup>3</sup> of the FCM or DCO, and not the FCM, DCO, or any other person. Section 22.11 requires each FCM that intermediates cleared swaps for customers on or subject to the rules of a DCO, whether directly as a clearing member or indirectly through a Collecting FCM,<sup>4</sup> to provide the DCO or the Collecting FCM, as appropriate, with information sufficient to identify each customer of the FCM whose swaps are cleared by the FCM. Section 22.11 also requires the FCM, at least once daily, to provide the DCO or the Collecting FCM, as appropriate, with information sufficient to identify each customer’s portfolio of rights and obligations arising out of cleared swaps intermediated by the FCM. Section 22.12 requires that each Collecting FCM and DCO, on a daily basis, calculate, based on information received pursuant to § 22.11 and on information generated and used in the ordinary course of business by the Collecting FCM or DCO, and record certain information about the amount of collateral required for each Cleared Swaps Customer and the sum of these amounts. Section 22.16 requires that each FCM who has Cleared Swaps Customers disclose to each of such customers the governing provisions, as established by DCO rules or customer agreements between collecting and depositing FCMs, relating to use of

<sup>1</sup> For the definition of Cleared Swaps Customer Account, see 17 CFR 22.1.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

customer collateral, transfer, neutralization of the risks, or liquidation of cleared swaps in the event of default by a Depositing FCM<sup>5</sup> relating to a Cleared Swaps Customer Account. Section 22.17 requires that FCM produce a written notice of the reasons and the details concerning withdrawals from Cleared Swaps Customers Account not for the benefit of Cleared Swap Customers if such withdrawal will exceed 25% of the FCMs residual interest in such account.

The Commission believes that the information collection obligations imposed by Commission regulations in §§ 22.2(g), 22.5(a), 22.11, 22.12, 22.16, and 22.17 are essential (i) to ensuring that FCMs and DCOs develop and maintain adequate customer protections and procedures over Cleared Swap Customer funds as required by the CEA, and Commission regulations, and (ii) to the effective evaluation of these registrants’ actual compliance with the CEA and Commission regulations. On April 24, 2017, the Commission published in the **Federal Register** a notice of the proposed extension of this information collection and provided 60 days for public comment on the proposed extension. See 82 FR 18900 (April 24, 2017). The Commission received no comments.

*Burden Statement:* The Commission is revising its estimate of the burden for this collection to reflect the current number of affected registrants. Accordingly, the respondent burden for this collection is estimated to be as follows:

*Number of Registrants:* 68.

*Estimated Average Burden Hours per Registrant:* 365.

*Estimated Aggregate Burden Hours:* 24,820.

*Frequency of Recordkeeping:* As applicable.

*Authority:* 44 U.S.C. 3501 *et seq.*

Dated: July 21, 2017.

**Christopher J. Kirkpatrick,**  
*Secretary of the Commission.*

[FR Doc. 2017–15767 Filed 7–26–17; 8:45 am]

**BILLING CODE 6351–01–P**

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## DEPARTMENT OF DEFENSE

### Office of the Secretary

[Transmittal No. 16–84]

### Arms Sales Notification

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Arms sales notice.

<sup>5</sup> *Id.*

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification.

**FOR FURTHER INFORMATION CONTACT:** Pamela Young, (703) 697-9107, *pamela.a.young14.civ@mail.mil* or Kathy Valadez, (703) 697-9217,

*kathy.a.valadez.civ@mail.mil*; DSCA/ DSA-RAN.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the

House of Representatives, Transmittal 16-84 with attached Policy Justification and Sensitivity of Technology.

Dated: July 24, 2017.

**Aaron Siegel,**  
*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

**BILLING CODE 5001-06-P**



DEFENSE SECURITY COOPERATION AGENCY  
201 12TH STREET SOUTH, STE 200  
ARLINGTON, VA 22202-5408

JUN 05 2017

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 16-84, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance for the Kingdom of Saudi Arabia for defense articles and services estimated to cost \$662 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J.W. Rixey  
Vice Admiral, USN  
Director

Enclosures:

- 1. Transmittal
- 2. Policy Justification
- 3. Sensitivity of Technology
- 4. Regional Balance (Classified Document Provided Under Separate Cover)



**BILLING CODE 5001-06-C**

Transmittal No. 16-84

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as Amended

(i) *Prospective Purchaser:* Kingdom of Saudi Arabia

(ii) *Total Estimated Value:*

|                              |               |
|------------------------------|---------------|
| Major Defense Equipment * .. | \$482 million |
| Other .....                  | \$180 million |
| Total .....                  | \$662 million |

(iii) *Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:*

*Major Defense Equipment (MDE):*

Twenty-six (26) each AN/TPQ-53(V) Radar Systems to include Solid State Phased Array Radar with KN-4083 Selective Availability Anti-Spoofing Module (SAASM) enhanced Land/Sea Inertial Navigation System (INS) and automatic leveling system  
Eight hundred and forty (840), M931 Full Range Training Round, 120mm Projectiles with M781 fuzes (for live fire exercise)  
Two thousand, two hundred and forty (2,240), M107, 155MM Projectiles with M557 fuzes (for live fire exercise)

*Non-MDE includes:*

Single Channel Ground and Airborne Radio Systems (SINCGARS) and

accessories; Defense Advanced Global Positioning System (GPS) Receiver (DAGR) equipment and accessories; Miltope laptops and accessories; Medium Tactical Vehicles FMTV M1092 5-ton trucks/chassis with support and accessories; software support; support equipment; classroom simulators; government furnished equipment; technical manuals and publications; essential spares and repair parts; consumables; live fire exercise and ammunition; tools and test equipment; training; transportation; U.S. Government technical support and logistic support; contractor technical support; repair and return support; quality assurance teams; in-country

Field Service Representative (FSR) and other associated equipment and services.

(iv) *Military Department: Army (ZAI)*

(v) *Prior Related Cases, if any: None*

(vi) *Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None*

(vii) *Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex Attached*

(viii) *Date Report Delivered to Congress: June 5, 2017*

\* as defined in Section 47(6) of the Arms Export Control Act.

#### POLICY JUSTIFICATION

##### Kingdom of Saudi Arabia—AN/TPQ-53(V) Radar Systems and Related Support

The Government of the Kingdom of Saudi Arabia has requested a possible sale of twenty-six (26) AN/TPQ-53(V) Radar Systems to include Solid State Phased Array Radar with KN-4083 Selective Availability Anti-Spoofing Module (SAASM) enhanced Land/Sea Inertial Navigation System (INS) and automatic leveling system; Eight hundred and forty (840), M931, 120mm Projectiles with M781 fuzes (for live fire exercise); Two thousand, two hundred and forty (2,240), M107, 155MM Projectiles with M557 fuzes (for live fire exercise); Single Channel Ground and Airborne Radio Systems (SINCGARS) and accessories; Defense Advanced Global Positioning System (GPS) Receiver (DAGR) equipment and accessories; Miltope laptops and accessories; Medium Tactical Vehicles FMTV M1092 5-ton trucks/chassis with support and accessories; software support; support equipment; classroom simulators; government furnished equipment; technical manuals and publications; essential spares and repair parts; consumables; live fire exercise and ammunition; tools and test equipment; training; transportation; U.S. Government technical support and logistic support; contractor technical support; repair and return support; quality assurance teams; in-country Field Service Representative (FSR) and other associated equipment and services. The total estimated program cost is \$662 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by helping to improve the security of an important partner which has been and continues to be a leading contributor of political stability and economic growth in the Middle East.

Saudi Arabia intends to use these radars to support its border security

requirements and modernize its armed forces with a more current capability to locate and counter the source of incoming ballistic artillery, rockets, and mortars. This will contribute to Saudi Arabia's goal to update its military capability while further enhancing greater interoperability among Saudi Arabia, the United States and other allies. Saudi Arabia will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The Lockheed Martin Corporation, Liverpool, New York, is the principal contractor for the AN/TPQ-53 (V) Radars. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require U.S. Government or contractor representatives to travel to the Kingdom of Saudi Arabia for a period of four (4) months for in-processing/fielding, system checkout and new equipment training, as well as providing the support of two in-country FSRs for two years.

There will be no adverse impact on U.S. defense readiness as a result of the proposed sale.

Transmittal No. 16-84

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act

Annex

Item No. vii

#### (vii) *Sensitivity of Technology:*

1. The AN/TPQ-53(V) radar system is a highly mobile radar that automatically detects, classifies, tracks, and locates the point of origin of projectiles fired from mortar, artillery and rocket systems with sufficient accuracy for first round fire for effect. It mitigates close combat radar coverage gaps and replaces the AN/TPQ-36 and AN/TPQ-37 Firefinder Radars; fully supporting Brigade Combat Teams (BCT), Division Artilleries (DIVARTYs), and Field Artillery (FA) Brigades. Designed to be transported by ship, trucks, train, or aircraft, it is capable of deploying as part of the counter-rocket, artillery, and mortar system of systems to provide a sense and warn capability for fixed and semi-fixed sites. The AN/TPQ-53(V) provides a net ready system with increased range and accuracy throughout a 90 degree search sector (stare mode) as well as 360-degree coverage (rotating).

a. The Active Electronically Scanned Array (AESA) hardware design of the AN/TPQ-53(V) is UNCLASSIFIED. Foreign source systems of similar design

and capability are available in advanced industrial nations such as Sweden and Israel.

b. The AN/TPQ-53(V) software gives it an enhanced capability in terms of target detection and classification in an Electronic Countermeasure (ECM) environment. Release of detailed knowledge of the software code or test data could aid an adversary trying to identify ways of countering the detection capabilities of the AN/TPQ-53(V) or improve the performance of their own radar systems. Although the detection, classification technology, and concept used in the AN/TPQ-53(V) has been utilized for more than a decade, the ability to incorporate such technology on a solid state air cooled radar would be a major technological improvement. The software is UNCLASSIFIED. The system is classified SECRET when employed in a theater of operations.

c. The Single Channel Ground and Airborne Radio System (SINCGARS) is a tactical radio providing secure jam-resistant voice and data communications of command, control, targeting, and technical information for the AN/TPQ-53(V) radar system. The spread-spectrum frequency hopping Electronic Counter-Counter Measures (ECCM) technology resident in the radio is sensitive but UNCLASSIFIED. While sensitive, the frequency-hopping algorithms used to generate the ECCM waveform are unique to the country of ownership and cannot be manipulated by potential adversaries for use or interference with other countries possessing SINCGARS technology. Should a potential adversary come into possession of one of these radios, they would have the potential to intercept operational command, control, and targeting information. This potential problem is mitigated by the fact that the customer can secure information passed over the radio network using a commercial grade security capability equivalent to an AES 256-bit encryption system whose keys are controlled by the customer country.

d. The Defense Advanced Global Positioning System (GPS) Receiver (DAGR) is a handheld GPS location device with map background displaying the user's location. Unlike commercial grade GPS receivers capable of receiving Standard Positioning Signals (SPS) from GPS satellites, the DAGR is capable of receiving Precise Positioning Signals (PPS). PPS satellite signals provide significantly more accurate location data than do SPS signals. This capability within DAGR is possible due to the Selective Availability Anti-Spoofing Module (SAASM). The SAASM is an

encrypted device permitting both receipt of PPS signals and the benefit of preventing potential adversaries from spoofing the system to display incorrect location information. The SAASM capability within the DAGR is sensitive but UNCLASSIFIED. The SAASM capabilities are sensitive due to the system's ability to access restricted PPS GPS satellite signals and to prevent spoofing. While sensitive, the ability of potential adversaries to exploit the system are limited. The SAASM chip goes through a special process of loading encryption signals and unique access codes keyed to the customer country. These processes are strictly controlled by the US Air Force. If the DAGR is compromised, the US Air Force can cut off the device access to PPS signals and the anti-spoofing capability.

e. The same SAASM capabilities resident in the DAGR are also resident in the AN/TPQ-53(V) KN-4083 Inertial Navigation System (INS). The KN-4083 is a SAASM enhanced INS capability with a 3-axis Monolithic Ring Laser Gyro allowing extremely accurate location as well as 3-axis accelerometer to provide angular information regarding the radar position (i.e. pitch, roll, and azimuth data). While inertial navigation and accelerometer capabilities are well-known, the SAASM capability within the system

makes it sensitive but UNCLASSIFIED. As with the DAGR, the US Air Force can cut off access to PPS signals and anti-spoofing capabilities, minimizing impacts should a potential adversary obtain the system.

2. If a technologically advanced adversary were to obtain knowledge of the specific radar hardware and software elements, the information could be used to identify ways of countering the detection capabilities of the AN/TPQ-53(V) Radar System or improve the performance of their radar systems. Testing and identification of methods to defeat the AN/TPQ-53(V) ECCM capabilities would lead to improvements in the overall effectiveness of an adversary's system and improve their survivability.

3. A determination has been made that Saudi Arabia can provide substantially the same degree of protection for the technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

4. All defense articles and services listed in this transmittal have been authorized for release and export to the Kingdom of Saudi Arabia.

[FR Doc. 2017-15810 Filed 7-26-17; 8:45 am]

**BILLING CODE 5001-06-P**

## DEPARTMENT OF DEFENSE

### Office of the Secretary

[Transmittal No. 17-40]

### Arms Sales Notification

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Arms sales notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification.

**FOR FURTHER INFORMATION CONTACT:**

Pamela Young, (703) 697-9107, [pamela.a.young14.civ@mail.mil](mailto:pamela.a.young14.civ@mail.mil) or Kathy Valadez, (703) 697-9217, [kathy.a.valadez.civ@mail.mil](mailto:kathy.a.valadez.civ@mail.mil); DSCA/DSA-RAN.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 17-40 with attached Policy Justification and Sensitivity of Technology.

Dated: July 24, 2017.

**Aaron Siegel,**

*Alternate OSD Federal Register Liaison Officer, Department of Defense.*