

area (63 FR 31593-31601, Docket No. 96-016-29, published June 10, 1998). Of the \$3.6 million apportioned for compensation for 1997 crop losses, less than \$50,000 in compensation has been paid. Due to the small number of positive finds, total losses are not expected to exceed \$200,000.

In conclusion, the lifting of certain restrictions as a result of the interim rule was expected to only marginally reduce the 1997 economic effect on production and marketing for most wheat in the regulated areas. Planting for the May/June 1997 harvest was already complete when the interim rule was published, so growers could not react to the change in regulations by making different planting decisions. However, the reduction in the acreage designated as surveillance areas could be expected to lower potential Karnal bunt-positive wheat value losses from \$1.9 million to \$0.1 million. Thus, benefits of \$1.8 million in 1997 could be realized as a result of the interim rule, based on a lower incidence of Karnal bunt-positive grain, which reduces the losses associated with the lower value of Karnal bunt-positive grain. Compensation in these areas could further reduce the economic effect on producers and handlers. Payments for the 1996-1997 crop season are not expected to exceed \$200,000 due to the small number of positive finds.

#### *Alternatives Considered*

The only significant alternative to the interim rule would have been to retain the classification criteria provided by the Karnal bunt regulations established in the October 1996 final rule. In that final rule, levels of risk were assigned to areas based on their proximity to fields in which Karnal bunt spores were detected during preharvest samples or in which contaminated seed was planted. Under those criteria, it is unlikely that any of the significant reductions in the size of the regulated areas and the number of affected growers achieved by the May 1997 interim rule could have been accomplished. In addition, maintaining those criteria would likely have resulted in the placement of regulatory restrictions in the States of Alabama, Florida, Georgia, and Tennessee, where grain in a number of storage facilities had been found to be contaminated with spores that appeared to be Karnal bunt spores, and in South Carolina, where seed from a seed lot contaminated with those Karnal bunt-like spores had been planted. However, given our conclusion that the detection of spores alone does not allow us to make a conclusive determination that Karnal bunt disease

is present in an area or article, that alternative was rejected. By rejecting that alternative, APHIS was able to prevent the enormous cost impacts on producers and eliminate the need for large compensation payments while continuing to assure importing countries that U.S. wheat exports are coming from areas where Karnal bunt is not known to exist.

#### **List of Subjects in 7 CFR Part 301**

Agricultural commodities, Plant diseases and pests, Quarantine, Reporting and recordkeeping requirements, Transportation.

Accordingly, the interim rule amending 7 CFR part 301 that was published at 62 FR 23620-23628 on May 1, 1997, is adopted as a final rule with the following change:

#### **PART 301—DOMESTIC QUARANTINE NOTICES**

1. The authority citation for part 301 continues to read as follows:

**Authority:** 7 U.S.C. 147a, 150bb, 150dd, 150ee, 150ff, 161, 162, and 164-167; 7 CFR 2.22, 2.80, and 371.2(c).

#### **§ 301.89-9 [Amended]**

2. In § 301.89-9, in paragraph (a), the text of footnote 5 is amended by removing the words "footnote 3" and adding the words "footnote 2" in their place.

Done in Washington, DC, this 25th day of May 1999.

**Joan M. Arnoldi,**

*Acting Administrator, Animal and Plant Health Inspection Service.*

[FR Doc. 99-13793 Filed 6-1-99; 8:45 am]

BILLING CODE 3410-34-P

#### **SECURITIES AND EXCHANGE COMMISSION**

#### **17 CFR Part 240**

[Release No. 34-41453, International Series Release No. 1198, File No. S7-4-99]

RIN 3235-AH68

#### **Exemption of the Securities of the Kingdom of Sweden Under the Securities Exchange Act of 1934 for Purposes of Trading Futures Contracts on Those Securities**

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Final rule.

**SUMMARY:** The Securities and Exchange Commission is adopting an amendment to Rule 3a12-8 that would designate debt obligations issued by the Kingdom

of Sweden as "exempted securities" for the purpose of marketing and trading futures contracts on those securities in the United States. The amendment is intended to permit futures trading on the sovereign debt of Sweden.

**EFFECTIVE DATE:** June 2, 1999.

#### **FOR FURTHER INFORMATION CONTACT:**

Joshua Kans, Attorney, Office of Market Supervision ("OMS"), Division of Market Regulation ("Division"), Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-1001, at 202/942-0079.

#### **SUPPLEMENTARY INFORMATION:**

#### **I. Introduction**

Under the Commodity Exchange Act ("CEA"), it is unlawful to trade a futures contract on any individual security unless the security in question is an exempted security (other than a municipal security) under the Securities Act of 1933 ("Securities Act") or the Securities Exchange Act of 1934 ("Exchange Act"). Debt obligations of foreign governments are not exempted securities under either of these statutes. The Securities and Exchange Commission ("SEC" or "Commission"), however, has adopted Rule 3a12-8<sup>1</sup> ("Rule") under the Exchange Act to designate debt obligations issued by certain foreign governments as exempted securities under the Exchange Act solely for the purpose of marketing and trading futures contracts on those securities in the United States. As amended, the foreign governments currently designated in the Rule are Great Britain, Canada, Japan, Australia, France, New Zealand, Austria, Denmark, Finland, the Netherlands, Switzerland, Germany, the Republic of Ireland, Italy, Spain, Mexico, Brazil, Argentina, Venezuela and Belgium (the "Designated Foreign Governments"). As a result, futures contracts on the debt obligations of these countries may be sold in the United States, as long as the other terms of the Rule are satisfied.

On February 23, 1999, the Commission issued a release proposing to amend Rule 3a12-8 to designate the debt obligations of the Kingdom of Sweden ("Sweden") as exempted securities, solely for the purpose of futures trading.<sup>2</sup> No comment letters were received in response to the proposal.

The Commission today is adopting this amendment to the Rule, adding Sweden to the list of countries whose debt obligations are exempted by Rule

<sup>1</sup> 17 CFR 240.3a12-8.

<sup>2</sup> See Securities Exchange Act Release No. 41090 (February 23, 1999), 64 FR 9948 (March 1, 1999) ("Proposing Release").

3a12-8. In order to qualify for the exemption, futures contracts on the debt obligations of Sweden would have to meet all the other existing requirements of the Rule.

## II. Background

Rule 3a12-8 was adopted in 1984<sup>3</sup> pursuant to the exemptive authority in section 3(a)(12) of the Exchange Act in order to provide a limited exception from the CEA's prohibition on futures overlying individual securities.<sup>4</sup> As originally adopted, the Rule provided that the debt obligations of Great Britain and Canada would be deemed to be exempted securities, solely for the purpose of permitting the offer, sale, and confirmation of "qualifying foreign futures contracts" on such securities. The securities in question were not eligible for the exemption if they were registered under the Securities Act or were the subject of any American depositary receipt so registered. A futures contract on the covered debt obligation under the Rule is deemed to be a "qualifying foreign futures contract" if the contract is deliverable outside the United States and is traded on a board of trade.<sup>5</sup>

The conditions imposed by the Rule were intended to facilitate the trading of futures contracts on foreign government securities in the United States while requiring offerings of foreign government securities to comply with the federal securities laws. Accordingly, the conditions set forth in the Rule were designed to ensure that, absent registration, a domestic market in unregistered foreign government securities would not develop, and that markets for futures on these instruments would not be used to avoid the securities law registration requirements. In particular, the Rule was intended to ensure that futures on exempted

sovereign debt did not operate as a surrogate means of trading the unregistered debt.

Subsequently, the Commission amended the Rule to include the debt securities issued by Japan, Australia, France, New Zealand, Austria, Denmark, Finland, the Netherlands, Switzerland, Germany, Ireland, Italy, Spain, Mexico, Brazil, Argentina, Venezuela and, most recently, Belgium.<sup>6</sup>

OM Stockholm AB of Sweden ("OM"), and its British affiliate OMLX, The London Securities and Derivatives Exchange Limited ("OMLX"), have proposed that the Commission amend 3a12-8 to include the sovereign debt of Sweden. OM and OMLX (which will be collectively referred to as "OM") have stated that they are listing standardized futures contracts on Swedish government securities for trading on their respective markets, beginning with a futures contract on the ten-year Swedish government bond. The applicants wish to make those futures contracts available to U.S. investors.<sup>7</sup>

<sup>6</sup> As originally adopted, the Rule applied only to British and Canadian government securities. See Original Adopting Release, *supra* note 3. In 1986, the Rule was amended to include Japanese government securities. See Securities Exchange Act Release No. 23423 (July 11, 1986), 51 FR 25996 (July 18, 1986). In 1987, the Rule was amended to include debt securities issued by Australia, France and New Zealand. See Securities Exchange Act Release No. 25072 (October 29, 1987), 52 FR 42277 (November 4, 1987). In 1988, the Rule was amended to include debt securities issued by Austria, Denmark, Finland, the Netherlands, Switzerland, and West Germany. See Securities Exchange Act Release No. 26217 (October 26, 1988), 53 FR 43860 (October 31, 1988). In 1992 the Rule was again amended to (1) include debt securities offered by the Republic of Ireland and Italy, (2) change the country designation of "West Germany" to the "Federal Republic of Germany," and (3) replace all references to the informal names of the countries listed in the Rule with references to their official names. See Securities Exchange Act Release No. 30166 (January 8, 1992), 57 FR 1375 (January 14, 1992). In 1994, the Rule was amended to include debt securities issued by Spain. See Securities Exchange Act Release No. 34908 (October 27, 1994), 59 FR 54812 (November 2, 1994). In 1995, the Rule was amended to include the debt securities of Mexico. See Securities Exchange Act Release No. 36530 (November 30, 1995), 60 FR 62323 (December 6, 1995). In 1996, the Rule was amended to include debt securities issued by Brazil, Argentina, and Venezuela. See Securities Exchange Act Release No. 36940 (March 7, 1996), 61 FR 10271 (March 13, 1996). Finally, earlier in 1999, the Rule was amended to include debt securities issued by Belgium. See Securities Exchange Act Release No. 41116 (February 26, 1999), 64 FR 10564 (March 5, 1999).

<sup>7</sup> See Letters from Philip McBride Johnson, counsel for OM and OMLX, to Jonathan Katz, Secretary, Commission, dated June 11, 1998; Memorandum provided by OM and OMLX to the Division of Market Regulation on July 6, 1998; Letter from Philip Johnson to Michael Walinskas, Deputy Associate Director, Division, Commission, dated July 24, 1998; Letters from Philip Johnson to Joshua Kans, Attorney, Division, Commission, dated August 20, September 11 and October 2,

The Swedish National Debt Office submitted a letter supporting OM's application to amend the Rule.<sup>8</sup> In 1988, the Commission proposed adding Sweden to the list of countries designated under the Rule,<sup>9</sup> but rejected the proposal because of opposition from the Swedish government.<sup>10</sup>

The Commission is amending Rule 3a12-8 to add Sweden to the list of countries whose debt obligations are deemed to be "exempted securities" under the terms of the Rule. Under this amendment, the existing conditions set forth in the Rule (*i.e.*, that the underlying securities not be registered in the United States, that futures contracts require delivery outside the United States, and that contracts be traded on a board of trade) would continue to apply.

## III. Discussion

For the reasons discussed below, the Commission finds that it is consistent with the public interest and the protection of investors that Rule 3a12-8 be amended to include the sovereign debt obligations of Sweden. The Commission believes that the trading of futures contracts on the sovereign debt of Sweden could provide U.S. investors and dealers with a vehicle for hedging the risks involved in holding debt instruments of Sweden, and that the sovereign debt of Sweden should be subject to the same regulatory treatment under the Rule as that of the Designated Foreign Governments.

When amending the Rule to include Belgium, the Commission stated that it would consider two types of evidence about whether there was an active and liquid secondary trading market for the security—credit rating (as indirect evidence) and trading data.<sup>11</sup> Earlier, when amending the Rule to include Mexico, Brazil, Argentina, and

1998; Letter from Philip Johnson to Michael Walinskas, dated December 7, 1998; Letters from Philip Johnson to Joshua Kans, dated March 31 and April 19, 1999 (collectively "OM petition").

<sup>8</sup> See Letter from Tomas Magnusson, Director and General Counsel, Swedish National Debt Office, to Jonathan Katz, Secretary, Commission, dated June 29, 1998.

<sup>9</sup> See Securities Exchange Act Release No. 25998 (August 16, 1988), 53 FR 31709 (August 19, 1988).

<sup>10</sup> The Embassy of Sweden submitted two letters in response to the 1988 proposal, noting that currency controls prohibiting non-residents from holding Swedish kronor-denominated securities would preclude development of a market for physically settled futures on such securities, and stating that in any case it was not in the Swedish government's interest that such a market develop. As a matter of international comity, the Commission chose not to add Sweden to the Rule. See Securities Exchange Act Release No. 26217 (October 26, 1988), 53 FR 43860 (October 31, 1988).

<sup>11</sup> See Securities Exchange Act Release No. 41116 (February 26, 1999), 64 FR 10564 (March 5, 1999).

<sup>3</sup> See Securities Exchange Act Release No. 20708 ("Original Adopting Release") (March 2, 1984), 49 FR 8595 (March 8, 1984); Securities Exchange Act Release No. 19811 ("Original Proposing Release") (May 25, 1983), 48 FR 24725 (June 2, 1983).

<sup>4</sup> In approving the Futures Trading Act of 1982, Congress expressed its understanding that neither the SEC nor the Commodity Futures Trading Commission ("CFTC") had intended to bar the sale of futures on debt obligations of the United Kingdom of Great Britain and Northern Ireland to U.S. persons, and its expectation that administrative action would be taken to allow the sale of such futures contracts in the United States. See Original Proposing Release, *supra* note 3, 48 FR at 24725 (citing 128 Cong. Rec. H7492 (daily ed. September 23, 1982) (statements of Representatives Daschle and Wirth)).

<sup>5</sup> As originally adopted, the Rule required that the board of trade be located in the country that issued the underlying securities. This requirement was eliminated in 1987. See Securities Exchange Act Release No. 24209 (March 12, 1987), 52 FR 8875 (March 20, 1987).

Venezuela, the Commission considered primarily whether market evidence indicated that an active and liquid secondary trading market exists for the sovereign debt of those countries.<sup>12</sup> Prior to the addition of those countries to the Rule, the Commission considered principally whether the particular sovereign debt had been rated in one of the two highest rating categories<sup>13</sup> by at least two nationally recognized statistical rating organizations ("NRSROs").<sup>14</sup>

Sweden meets the credit rating standard. Moody's has assigned Sweden a long-term local currency credit rating of Aa1 and a long-term foreign currency credit rating of Aa2. S&P has assigned Sweden a long-term local currency credit rating of AAA and a long-term foreign currency credit rating of AA+.

Market data also indicates that there exists an active and liquid trading market for Swedish issued debt instruments. As of February 28, 1999, the total Swedish public debt outstanding was equivalent to approximately US\$173 billion (1428 billion Swedish kronor ("SEK")).<sup>15</sup> The

largest portion of this debt, Treasury bonds (Statobligationslån) denominated in Swedish kronor, amounted to approximately US\$94 billion (SEK 773 billion).<sup>16</sup> Treasury bills (Statsskuldväxlar) denominated in Swedish kronor amounted to approximately US\$27 billion (SEK 227 billion).<sup>17</sup>

OM has submitted data indicating that secondary market trading in Treasury bonds amounted to approximately US\$1.2 trillion (SEK 9079 billion) in 1996, approximately US\$1.3 trillion (SEK 10,550 billion) in 1997, and approximately US\$1.2 trillion (SEK 9098 billion) in 1998.<sup>18</sup> The average daily trading volume during that period ranged from approximately US\$2.1 billion (SEK 16.6 billion) for the month of July 1998 to approximately US\$8.3 billion (SEK 65.6 billion) for the month of October 1997. OM adds that there were approximately 109,100 transactions in benchmark Treasury bonds in 1997 and 274,000 in 1998; 27,500 transactions in non-benchmark

Treasury bonds in 1997 and 7900 in 1998; and 2000 transactions in inflation-linked Treasury bonds in 1997 and 10,800 in 1998.<sup>19</sup>

OM has also submitted data stating that secondary market trading in Treasury bills amounted to approximately US\$440 billion (SEK 3452 billion) in 1996, approximately US\$488 billion (SEK 3831 billion) in 1997, and approximately US\$447 billion (SEK 3511 billion) in 1998. The average daily trading volume during that period ranged from approximately US\$1.2 billion (SEK 9.3 billion) for the month of May 1996 to approximately US\$2.6 billion (SEK 20.7 billion) for the month of March 1997. OM adds that there were approximately 38,600 transactions in Treasury bills in 1997 and 76,800 in 1998.<sup>20</sup>

The Commission finds that this trading data, coupled with a high debt rating, provides sufficient evidence that there exists an active and liquid market for Swedish sovereign debt.

#### IV. Costs and Benefits of the Proposed Amendments

The Commission believes that the amendment offers potential benefits for U.S. investors. As stated above, the amendment will allow U.S. and foreign boards of trade to offer in the United States, and U.S. investors to trade, futures contracts on the debt obligations of Sweden. Consistent with Congressional support for futures on foreign sovereign debt securities, the trading of futures on the sovereign debt of Sweden should provide U.S. investors with a vehicle for hedging the risks involved in the trading of the underlying sovereign debt of Sweden. The amendment does not impose any

<sup>12</sup> See, e.g., Securities Exchange Act Release No. 36530 (November 30, 1995), 60 FR 62323 (December 6, 1995) (amending the Rule to add Mexico because the Commission believed that as a whole, the market for Mexican sovereign debt was sufficiently liquid and deep for the purposes of the Rule); Securities Exchange Act Release No. 36940 (March 7, 1996), 61 FR 10271 (March 13, 1996) (amending the Rule to add Brazil, Argentina and Venezuela because the Commission believed that the market for the sovereign debt of those countries was sufficiently liquid and deep for the purposes of the Rule).

<sup>13</sup> The two highest categories used by Moody's Investor Services ("Moody's") for long-term debt are "Aaa" and "Aa." The two highest categories used by Standard and Poor's ("S&P") for long-term debt are "AAA" and "AA."

<sup>14</sup> See, e.g., Securities Exchange Act Release No. 30166 (January 6, 1992) 57 FR 1375 (January 14, 1992) (amending the Rule to include debt securities issued by Ireland and Italy—Ireland's long-term sovereign debt was rated Aa3 by Moody's and AA- by S&P, and Italy's long-term sovereign debt was rated Aaa by Moody's and AA+ by S&P); and Securities Exchange Act Release No. 34908 (October 27, 1994), 59 FR 54812 (November 2, 1994) (amending the Rule to include Spain, which had long-term debt ratings of Aa2 from Moody's and AA from S&P); See also Securities Exchange Act Release No. 36213 (September 11, 1995), 60 FR 48078 (September 18, 1995) (proposal to add Mexico to list of countries encompassed by the Rule); Securities Exchange Act Release No. 24428 (May 5, 1987), 52 FR 18237 (May 14, 1987) (proposed amendment, which was not implemented, that would have extended the Rule to encompass all countries rated in one of the two highest categories by at least two NRSROs).

<sup>15</sup> Data regarding the amount of outstanding debt was obtained from "Den Svenska Statsskulden: The Swedish Central Government Debt," February 28, 1998, available from the website of the Swedish National Debt Office (<http://www.sndo.se>). U.S. dollar equivalents for the February 28, 1999 data about outstanding debt is based on the conversion rate of SEK 8.2538 for US\$1.00 in effect as of March 1, 1999.

The last country added to the index, Belgium, had an outstanding public debt equal to approximately US\$264 billion at the end of 1997. See Securities Exchange Act Release No. 41116 (February 26, 1999), 64 FR 10564 (March 5, 1999). The four countries last added to the list prior to Belgium—Mexico, Brazil, Argentina and Venezuela—had lower amounts of public debt. See Securities Exchange Act Release No. 36530 (December 6, 1995), 60 FR 62323 (December 6, 1995) (outstanding Mexican government debt amounted to approximately US\$87.5 billion face value as of March 31, 1995); Securities Exchange Act Release No. 36940 (March 7, 1996), 61 FR 10271 (March 13, 1996) (public and publicly guaranteed debt of Brazil, Argentina and Venezuela amounted to approximately US\$86 billion, US\$55 billion and US\$74 billion, respectively, as of December 31, 1993).

<sup>16</sup> The outstanding Treasury bonds include approximately US\$79 billion (SEK 654 billion) worth of benchmark bonds, approximately US\$2.8 billion (SEK 23 billion) worth of non-benchmark bonds, and approximately US\$11 billion (SEK 94 billion) worth of inflation linked bonds.

<sup>17</sup> Other types of Swedish currency-denominated debt included approximately US\$6.8 billion (SEK 56 billion) worth of lottery bonds. A total of approximately US\$132 billion (SEK 1086 billion) in Swedish government debt was denominated in Swedish kronor.

Foreign currency-denominated debt amounted to approximately US\$41 billion (SEK 342 billion). Foreign-currency denominated debt includes approximately US\$32 billion (SEK 266 billion) worth of public issues, US\$6.7 billion (SEK 56 billion) worth of private placements, and US\$2.0 billion (SEK 16 billion) worth of commercial paper.

<sup>18</sup> OM petition, *supra* note 7. OM states that the statistics about secondary market trading in Swedish debt were derived from data specially prepared by the Swedish Central Securities Depository. *Id.*

For the historical 1996 to 1998 secondary market trading data discussed in this release, U.S. dollar equivalents are based on the conversion rate of SEK 7.8565 for US\$1.00 in effect as of September 30, 1998. The exchange rate varied from 6.5340 to 7.0114 in 1996, from 6.8074 to 8.0780 in 1997, and from 7.5763 to 8.3397 in 1998.

<sup>19</sup> OM states that secondary market trading for Swedish government debt is primarily conducted on a phone-based and screen-based over-the-counter market conducted by a number of dealers, with transactions in Treasury bonds and Treasury bills registered at the PMX Exchange at the end of the trading day. *Id.*

<sup>20</sup> OM states that secondary market trading in lottery bonds was equivalent to approximately US\$512 million (SEK 4.03 billion) in 1996, US\$449 million (SEK 3.53 billion) in 1997, and US\$213 million (SEK 1.67 billion) in the first half of 1998. OM has not provided secondary market trading data for other Swedish debt securities. According to OM, transaction data for Swedish government debt denominated in foreign currencies is extremely difficult to obtain. OM further contends that because a number of Swedish government debt securities denominated in U.S. dollars have been registered under the Securities Act of 1933, and therefore are not eligible for exemption under the Rule, secondary market data for securities denominated in non-kronor currencies is less significant. *See id.*

OM states that it presently does not intend to list any futures on inflation-linked bonds, treasury bonds with repurchase agreements, lottery bonds or commercial papers. *Id.*

direct recordkeeping or compliance costs, and merely would provide a limited purpose exemption under the federal securities laws. The restrictions imposed under the amendment are identical to the restrictions currently imposed under the terms of the Rule and are designed to protect U.S. investors.

#### V. Effects of the Proposed Amendment on Competition, Efficiency and Capital Formation, and Other Findings

Section 23(a)(2) of the Exchange Act<sup>21</sup> requires the Commission, in adopting rules under the Exchange Act, to consider the competitive effects of such rules, if any, and to refrain from adopting a rule that would impose a burden on competition not necessary or appropriate in furthering the purposes of the Exchange Act. Moreover, section 3 of the Exchange Act<sup>22</sup> as amended by the National Securities Markets Improvement Act of 1996<sup>23</sup> provides that whenever the Commission is engaged in a rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall consider, in addition to the protection of investors, whether the action will promote efficiency, competition and capital formation.

The Commission has considered the amendment to the Rule in light of the standards cited in sections 3 and 23(a)(2), and the Commission believes that adoption of the amendment will not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. As stated above, the amendment is designed to assure the lawful availability in this country of futures contracts on the government debt of Sweden that otherwise would not be permitted to be marketed under the terms of the CEA. The amendment thus serves to expand the range of financial products available in the United States and enhances competition in financial markets. The Commission has considered the amendment's impact on efficiency, competition, and capital formation and concludes that it would promote these three objectives, by making available to U.S. investors an additional product to use to hedge the risks associated with the trading of the underlying sovereign debt of Sweden.<sup>24</sup> Insofar as the Rule contains limitations, they are designed to promote the purposes of the Exchange Act by

ensuring that futures trading on government securities of Sweden is consistent with the goals and purposes of the federal securities laws by minimizing the impact of the Rule on securities trading and distribution in the United States.

Because the amendment to the Rule is exemptive in nature, the Commission has determined to make the foregoing action effective immediately upon publication in the **Federal Register**.<sup>25</sup>

#### VI. Administrative Requirements

Pursuant to section 605(b) of the Regulatory Flexibility Act, 5 U.S.C. 605(h), the Chairman of the Commission has certified in connection with the Proposing Release that this amendment, if adopted, would not have a significant economic impact on a substantial number of small entities. The Commission received no comments on this certification.

The Paperwork Reduction Act does not apply because the amendment does not impose recordkeeping or information collection requirements, or other collections of information which require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

#### VII. Statutory Basis

The amendment to Rule 3a12-8 is being adopted pursuant to 15 U.S.C. 78a *et seq.*, particularly sections 3(a)(12) and 23(a), 15 U.S.C. 78c(a)(12) and 78w(a).

#### List of Subjects in 17 CFR Part 240

Reporting and recordkeeping requirements, Securities.

#### Text of the Amendment

For the reasons set forth in the preamble, the Commission amends part 240 of Chapter II, Title 17 of the Code of Federal Regulations as follows:

#### PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for Part 240 continues to read in part as follows:

**Authority:** 15 U.S.C. 77c, 77d, 77g, 77j, 77s, 77z-2, 77eee, 77ggg, 77nnn, 77sss, 77ttt, 78c, 78d, 78f, 78i, 78j, 78j-1, 78k, 78k-1, 78l, 78m, 78n, 78o, 78p, 78q, 78s, 78u-5, 78w, 78x, 78ll(d), 78mm, 79q, 79t, 80a-20, 80a-23, 80a-29, 80a-37, 80b-3, 80b-4 and 80b-11, unless otherwise noted.

\* \* \* \* \*

2. Section 240.3a12-8 is amended by removing the word "or" at the end of paragraph (a)(1)(xviii), removing the period at the end of paragraph (a)(1)(xix) and adding "; or" in its place, and

adding paragraph (a)(1)(xx), to read as follows:

#### § 240.3a12-8 Exemption for designated foreign government securities for purposes of futures trading.

(a) \* \* \*  
(1) \* \* \*  
(xxi) The Kingdom of Sweden.

\* \* \* \* \*

Dated: May 26, 1999.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-13927 Filed 6-1-99; 8:45 am]

BILLING CODE 8010-01-P

#### DEPARTMENT OF HEALTH AND HUMAN SERVICES

#### Food and Drug Administration

#### 21 CFR Part 175

[Docket No. 98F-0823]

#### Indirect Food Additives: Adhesives and Components of Coatings

**AGENCY:** Food and Drug Administration, HHS.

**ACTION:** Final rule.

**SUMMARY:** The Food and Drug Administration (FDA) is amending the food additive regulations to provide for the safe use of 1-octene as an optional monomer in the preparation of polymers for use as resins in adhesives for articles used in contact with food. This action responds to a petition filed by The Dow Chemical Co.

**DATES:** This regulation is effective June 2, 1999. Submit written objections and requests for a hearing by July 2, 1999.

**ADDRESSES:** Submit written objections to the Dockets Management Branch (HFA-305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852.

**FOR FURTHER INFORMATION CONTACT:** Vir D. Anand, Center for Food Safety and Applied Nutrition (HFS-215), Food and Drug Administration, 200 C St. SW., Washington, DC 20204, 202-418-3081.

**SUPPLEMENTARY INFORMATION:** In a notice published in the **Federal Register** of October 6, 1998 (63 FR 53679), FDA announced that a food additive petition (FAP 8B4628) had been filed by The Dow Chemical Co., 2030 Dow Center, Midland, MI 48674. The petition proposed to amend the food additive regulations in § 175.105 *Adhesives* (21 CFR 175.105) to provide for the safe use of 1-octene as an optional monomer in the preparation of polymers for use as resins in adhesives for articles used in contact with food.

<sup>21</sup> 15 U.S.C. 78w(a)(2).

<sup>22</sup> 15 U.S.C. 78c.

<sup>23</sup> Pub. L. 104-290, 110 Stat. 3416 (1996).

<sup>24</sup> 15 U.S.C. 78f(b).

<sup>25</sup> 5 U.S.C. 553(d).