

## Commodity Futures Trading Commission

## § 1.41a

5a(a)(12)(A) of the Act and paragraph (b) of this section.

(s) *Option automatic exercise procedures.* (1) Notwithstanding the provisions of paragraph (b) of this section, all rules relating to automatic exercise provisions for options on futures shall be deemed approved by the Commission 10 days after written notice of such change is received by the Commission if:

(i) The rule provides for automatic exercise procedures that are specified and objective, apply to in-the-money options only, and provide an opportunity for option holders to override the automatic exercise provision.

(ii) The contract market labels the written notice as being submitted pursuant to Commission Regulation 1.41(s).

(2) The Commission will, within 10 days after receipt by the Commission of notice of a change in the automatic exercise procedures of an option contract, notify the contract market making the submission if it appears that the change is not consistent with the provisions of this paragraph. Upon such notification by the Commission to the contract market, the change will be subject to the usual procedures under section 5a(a)(12)(A) of the Act and paragraph (b) of this section.

(t) *Financial standards for regular delivery facilities.* (1) Notwithstanding the provisions of paragraph (b) of this section, all changes in the financial standards or financial requirements for regular delivery facilities or comparable entities shall be deemed approved by the Commission 10 days after written notice of such change is received by the Commission if:

(i) The contract market includes evidence that the amended rule does not affect the regularity or delivery status of any existing facility declared regular by the contract market for the relevant commodity(ies) or likely candidates for regularity status.

(ii) The proposed requirement is specified in the rules, is objective and applies uniformly to all existing regular facilities as well as to all applications for regularity.

(iii) The proposed requirement is related solely for the purpose of ensuring

the financial integrity of the regular facility(ies).

(iv) The contract market labels the written notice as being submitted pursuant to Commission Regulation 1.41(t).

(2) The Commission will, within 10 days after receipt by the Commission of a rule change relating to the financial standards or requirements for regular delivery facilities, notify the contract market making the submission if it appears that the change is not consistent with the provisions of this paragraph or if the submission raises issues relating to the requirements of the Commodity Exchange Act or the regulations promulgated thereunder. Upon such notification by the Commission to the contract market, the change will be subject to the usual procedures under section 5a(a)(12)(A) of the Act and paragraph (b) of this section.

(Approved by the Office of Management and Budget under control numbers 3038-0007 and 3038-0022)

[41 FR 40098, Sept. 17, 1976, as amended at 46 FR 54523, Nov. 3, 1981; 46 FR 63035, Dec. 30, 1981; 48 FR 4259, Jan. 28, 1983; 48 FR 49008, Oct. 24, 1983; 50 FR 30138, July 24, 1985; 50 FR 31839, Aug. 7, 1985; 56 FR 42685, Aug. 29, 1991; 57 FR 20637, May 14, 1992; 57 FR 27924, June 23, 1992; 58 FR 26237, May 3, 1993; 58 FR 37653, July 13, 1993; 59 FR 2289, Jan. 14, 1994; 59 FR 5525, Feb. 7, 1994; 62 FR 10433, 10439, Mar. 7, 1997; 63 FR 33848, June 22, 1998; 64 FR 22, Jan. 4, 1999]

### **§ 1.41a Delegation of authority to the Directors of the Division of Trading and Markets and the Division of Economic Analysis to process certain contract market rules.**

(a) The Commission hereby delegates, until the Commission orders otherwise, the following authority to the Director of the Division of Trading and Markets and to the Director of the Division of Economic Analysis, to be exercised by either of such Directors or by such other employee or employees of the Commission under the supervision of such Directors as may be designated from time to time by the Directors:

(1) Pursuant to § 1.41(b) or § 1.41(c), to determine whether to remit to a contract market and not accept for review any rule submitted pursuant to section 5a(a)(12)(A) of the Act and § 1.41(b) or

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§ 1.41(c), where the Director determines that such rule submission does not comply with the form and content requirements set forth in § 1.41(b);

(2) Pursuant to §§ 1.41(b) or 1.41(c) to determine, and to notify a contract market, that:

(i) Pursuant to § 1.41(b), a rule submitted pursuant to section 5a(a)(12)(A) of the Act and § 1.41(c) relates to terms and conditions, as defined in § 1.41(a)(2);

(ii) Pursuant to § 1.41(c), a rule submitted pursuant to section 5a(a)(12)(A) of the Act and § 1.41(c) for implementation without Commission approval constitutes a rule that requires prior Commission approval pursuant to a specific section of the Act or Commission regulations;

(3) Pursuant to § 1.41(c) to determine, and to notify a contract market, that:

(i) Rules submitted for implementation without Commission approval under § 1.41(c) do not require prior Commission approval under section 5a(a)(12)(A) of the Act and § 1.41(b) or § 1.41(c) and that such rules may become effective prior to the expiration of the ten day period following the receipt of such rules by the Commission;

(ii) Rules submitted for Commission approval under § 1.41(c) do not require prior Commission approval under section 5a(a)(12)(A) of the Act and § 1.41(b) or § 1.41(c) and may be made effective at the expiration of the applicable review period;

(iii) Rules submitted for Commission approval under § 1.41(c) raise novel or complex issues, or are of major economic significance, and that the review period has been extended pursuant to § 1.41(c)(1)(iii); and

(4) Pursuant to § 1.41(d), to determine whether to remit to a contract market any rule submitted pursuant to section 5a(a)(1) of the Act and § 1.41(d), where the Director determines that such rule submission is not exempt from the provisions of section 5a(a)(12)(A) of the Act and § 1.41(b) or § 1.41(c).

(5) Pursuant to § 1.41(h) through (t) to determine:

(i) Whether contract market rules submitted pursuant to section 5a(a)(12) of the Act and the provisions of § 1.41(h) through (t) comply with the provisions of § 1.41(h) through (t), as applicable;

(ii) To give notice that rules submitted pursuant to § 1.41(k) through (t) comply with the provisions of § 1.41(k) through (t), as applicable, and therefore shall be deemed approved prior to the end of the period specified in the applicable rule, commencing on the day the rule is received by the Commission at its Washington, DC headquarters;

(iii) If contract market rules submitted pursuant to the provisions of § 1.41(h) through (t) do not comply with the applicable provisions of these regulations, to notify the submitting contract market that such rules are therefore subject to the procedures specified in section 5a(a)(12) of the Act and § 1.41(b); and

(iv) If contract market rules submitted pursuant to the provisions of § 1.41(b) comply with any of the provisions of § 1.41(h) through (t), to notify the contract market that such rules will be treated as if submitted pursuant to § 1.41(h) through (t) as applicable.

(b) The Director of the Division of Trading and Markets or the Director of the Division of Economic Analysis may submit to the Commission for its consideration any matter which has been delegated pursuant to paragraph (a) of this section.

(c) Nothing in this section shall be deemed to prohibit the Commission, at its election, from exercising the authority delegated to the Director of the Division of Trading and Markets and the Director of the Division of Economic Analysis under this section.

[48 FR 49009, Oct. 24, 1983, as amended at 50 FR 30140, July 24, 1985; 57 FR 27925, June 23, 1992; 59 FR 2290, Jan. 14, 1994; 59 FR 5525, 5526, Feb. 7, 1994; 62 FR 17701, Apr. 11, 1997]

### **§ 1.41b Delegation of authority to the Director of the Division of Trading and Markets and Director of the Division of Economic Analysis.**

(a) The Commission hereby delegates, until the Commission orders otherwise, to the Director of the Division of Trading and Markets and the Director of the Division of Economic Analysis, with the concurrence of the General Counsel or his or her delegee,