A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On May 11, 1998, the Exchange re-introduced the ECU for trading in the non-customized environment anticipating the advent of the Euro.[3] Subsequently, the European Council agreed in the Maastrict Treaty to have a single European currency, the Euro. On January 1, 1999, the ECU converted to the Euro on a one-to-one basis. Accordingly, Phlx foreign currency options (''FCO'') contracts on the ECU converted to the Euro pursuant to Phlx Rule 1009(c).[4] Phlx Rule 1009(c) states, in the event that any of the sovereign governments of the European Economic Community's European Monetary System issuing any of the above mentioned currencies should issue a new currency intended to replace the one of the above mentioned currencies as a standard unit of the official medium of exchange of such government. Such new currency also may be approved as an underlying currency for options transactions by the Exchange, subject to any approval criteria the Exchange may deem necessary or appropriate for the protection of investors.

Pursuant to Phlx Rule 1009(c), the Exchange believes that it is necessary and appropriate for investors that the Exchange recognize the conversion of the ECU to the Euro on a one-to-one basis and implement such changes to its FCO contracts, including options trading pursuant to Phlx Rule 1069. Because the ECU/Euro conversion was on a one-to-one basis, the Euro FCO contract size would be 62,500 Euros. The premium will be $.0044, per unit or $275 for an option contract having a unit of trading of 62,500, pursuant to Phlx Rule 1033. Pursuant to Rule 1014, the bid-ask differential for the Euro options will be $.0005 between the bid and the offer for each option contract for which the bid is $.0050 or less; no more than $.0010 where the bid is more than $.0050 but does not exceed $.0200; and no more than $.0015 where the bid is more than $.0200. The initial margin for the Euro would be 3%, the same margin as the ECU.[5] According to Phlx Rule 1034, the minimum trading increments for the Euro will be the same as the ECU, $.0001.

As a result of the conversion, the Exchange proposes to replace all references to the ECU with the Euro in the text of the various Phlx rules. Therefore, the Phlx is proposing to amend the text of Phlx Rules 1000(b)(15), 1009, 1014, 1033, 1034 and Options Floor Procedure Advice F–6 to reflect the proposed change.

2. Statutory Basis

The Phlx believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act[6] that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. Specifically, the Phlx notes that the conversion of the ECU to the Euro was a major event in world financial markets. This conversion was adopted by the Exchange in order to provide investors with a continuous, uninterrupted market to hedge their currency risk using options on the Euro.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received at the time of this filing.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the Exchange and therefore, has become effective pursuant to Section 19(b)(3)(A)(i) of the Act,[7] and subparagraph (e) of Rule 19b–4 thereunder.[8]

At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR–Phlx–99–01 and should be submitted by February 16, 1999.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[9]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–1606 Filed 1–22–99; 8:45 am]

BILLING CODE 8010–01–M

DEPARTMENT OF STATE

[Public Notice 2960]

Office of the Legal Adviser; Application of Certain United States Extradition Treaties to Parental Kidnapping

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: On October 31, 1998, President Clinton signed into law the

[3] *See* Securities Exchange Act Release No. 39940 (April 30, 1998) 63 FR 25258 (May 7, 1998) (File No. SR–Phlx–98–17).

[4] The Commission notes that it was consulted by the Phlx prior to the conversion of the ECU to the Euro. On these facts, the Commission believes that the Euro replaces the previously approved ECU as the standard unit of the official medium of exchange of the European Council as required by Phlx Rule 1009(c). On different facts, however, the Exchange may need to submit a filing to the Commission, pursuant to Section 19(b)(2) of the Act, prior to trading an option on a new foreign currency intended to replace an existing foreign currency option.

[5] The Exchange submitted to the Commission a correlation analysis between the ECU and the Euro, which demonstrated nearly a one-to-one correlation. Thus, the Exchange proposes not to change the customer margin level for the Euro at this time. Subject to Phlx Rule 722, Commentary .15, the Exchange will re-examine the margin levels for the Euro on January 15, 1999.

[6] 15 U.S.C. 78f(b)(5).

[7] 15 U.S.C. 78s(b)(3)(A)(i).

[8] 17 CFR 240.19b–4.

[9] 17 CFR 200.30–3(a)(12).

Extradition Treaties Interpretation Act of 1998 (Title II of Public Law 105–323). That Act authorizes the interpretation of the word ''kidnapping'' in international extradition treaties of the United States to include parental kidnapping. An earlier **Federal Register** notice issued by the State Department's Legal Adviser reflected a more limited interpretation of the word kidnapping in extradition treaties. This Notice explains the change in U.S. policy in this area, including the context of Public Law 105–323.

EFFECTIVE DATE: October 31, 1998.

FOR FURTHER INFORMATION CONTACT: Samuel M. Witten, Office of the Legal Adviser, Department of State (202–647–7324).

SUPPLEMENTARY INFORMATION: Title II of Public Law 105–323, the ''Extradition Treaties Interpretation Act of 1998,'' addresses a unique issue that has arisen in the last twenty years of U.S. extradition practice. The U.S. Government's international extradition treaties negotiated prior to the late 1970's typically limit extradition to specific listed offenses and include the word ''kidnapping'' in the negotiated lists of those offenses. About 75 of the U.S. Government's approximately 110 extradition treaty relationships fall in this category of ''list'' treaties that include the word ''kidnapping''.

At the time these list extradition treaties were negotiated, the term ''kidnapping'' was generally understood in U.S. criminal law to exclude abductions or wrongful retentions of minors by their parents. In keeping with this narrow interpretation, on November 24, 1976 the State Department Legal Adviser issued a **Federal Register** Notice with a model ''Bilateral Treaty on Mutual Extradition of Fugitives'' which included the offense of ''kidnapping'' in the list of extraditable offenses while simultaneously noting that the model treaty would not reach ''domestic relations problems such as custody disputes.'' *See* **Federal Register**, Vol. 141, No. 228, page 51897. Subsequently, the State Department has not interpreted such ''list'' treaties to permit extradition requests that would have construed the word ''kidnapping'' to include parental kidnapping.

U.S. law on this subject has evolved dramatically since most of these list treaties were negotiated. Parental kidnappings are now crimes at the federal level (*see* United States Code, Title 18, Section 1204), in all of the 50 states, and in the District of Columbia. Both in the context of abductions and wrongful retention of children from the United States in violation of these laws and, more generally, in the interest of enhanced international law enforcement cooperation under our extradition treaties, this narrow interpretation became the subject of concern on the part of the U.S. Departments of Justice and State, state and local prosecutors, and parents who would like the greatest possible flexibility in dealing with parental kidnapping situations.

In addition, as U.S. extradition practice evolved, the practice of including lists of extraditable offenses in extradition treaties was gradually abandoned in favor of generally permitting extradition for any crime that is punishable in both the requesting and requested States by more than one year's imprisonment. This advance in treaty practice made the list treaty situation particularly anomalous because parental kidnapping was typically an extraditable offense under the modern extradition treaties that rely on ''dual criminality'' rather than lists of offenses, so long as the relevant treaty partner has also criminalized the offense and all other conditions of the treaties are met.

Normally, the interpretation of ''list'' treaty offenses would simply evolve to reflect the evolution of new aspects of crimes that are identified in the list treaties. In this instance, however, the U.S. view had been widely disseminated, including by publication in the **Federal Register** in 1976, as a fixed policy of the U.S. Government. Therefore, in 1997 the State and Justice Departments brought this issue to the attention of the Congress. These consultations led to Public law 105–323, which addresses the matter by clarifying that ''kidnapping'' in extradition list treaties may include parental kidnapping, thus reflecting the major changes that have occurred in this area of criminal law in the last 20 years. With this clarification, the Executive Branch is now in a stronger position to make and act upon the full range of possible extradition requests dealing with parental kidnapping under list treaties that include the word ''kidnapping'' on such lists. This will help achieve the goal of enhancing international law enforcement cooperation in this area. The United States would, however, adopt this broader interpretation only once it has confirmed with respect to a given treaty that this would be a shared understanding of the parties regarding the interpretation of the treaty in question.

This change in the interpretation of ''kidnapping'' for purposes of extradition treaties is entirely unrelated to and would have no effect whatsoever on the use of civil means for the return of children, in particular under the Hague Convention on the Civil Aspects of International Parental Child Abduction. It addresses only countries with which we have ''list'' extradition treaties and would have no effect with respect to countries with which the United States has no extradition relationship or countries where we have a dual criminality treaty.

The adoption of this expanded interpretation with respect to each specific treaty, however, will depend of course on the views of the other country in question, as the interpretation of terms in a bilateral treaty must depend on a shared understanding between the two parties. The United States recognizes that not all countries have criminalized parental kidnapping, and many continue to treaty custody of children as a civil or family law matter that is not an appropriate subject for criminal action. We also recognize that this is an evolving area of criminal law and that some countries which do not currently criminalize this conduct may decide to do so in future years. For this reason, we will consult with our list treaty partners and will adopt the expanded interpretation only where there is a shared understanding to this effect between the parties.

Dated: January 11, 1999.

David R. Andrews,

The Legal Adviser, U.S. Department of State.

[FR Doc. 99–1585 Filed 1–22–99; 8:45 am]

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Generalized System of Preferences (GSP); Initiation of a Review To Consider the Designation of Mongolia as a Beneficiary Developing Country Under the GSP; Solicitation of Public Comments Relating to the Designation Criteria

AGENCY: Office of the United States Trade Representative.

ACTION: Notice and solicitation of public comment with respect to the eligibility of Mongolia for the GSP program.

SUMMARY: This notice announces the initiation of a review to consider the designation of Mongolia as a beneficiary developing country under the GSP program and solicits public comment relating to the designation criteria by April 2, 1999.

FOR FURTHER INFORMATION CONTACT: GSP Subcommittee, Office of the United States Trade Representative, 600 17th Street, N.W., Room 518, Washington, D.C. 20508. The telephone number is (202) 395–6971.