Today's final rule clarifies that members of exchanges and swap execution facilities not registered with the Commission—typically, end-users—do not have to keep pre-trade communications or text messages. Further, it simplifies the requirements for keeping records of final transactions. The amended rule also states that commodity trading advisors do not have to record oral communications regarding their transactions.

I believe this rule is an important change that will reduce recordkeeping burdens on end-users, and I applaud my fellow commissioners for their unanimous support.

Appendix 3—Statement of Commissioner J. Christopher Giancarlo

I am pleased to support this final rule that revises Rule 1.35. In the end, after numerous iterations, several comment periods, significant legislative interest from Congress, and months of negotiating, the Commodity Futures Trading Commission (''CFTC'' or ''Commission'') thankfully listened to the concerns of market participants. I am appreciative of the CFTC staff's diligent work over the past few months to make key revisions to this rule. Fixing this regulation was one of the first issues that I raised with my fellow Commissioners upon my arrival at the CFTC. I believe we have now produced a more workable rule that will not impose needless regulatory costs on America's agricultural producers, grain elevator operators or energy producers, to name a few.

As background, the Commission revised long-standing Rule 1.35 in 2012 despite the fact that the Dodd-Frank Act [1] contained no mandate to change the CFTC's recordkeeping rules.[2] The revised rule proved to be unworkable. Its publication was followed by requests for no-action relief and a public roundtable at which entities impacted by the rule voiced their inability to tie all communications leading to the execution of a transaction to a particular transaction or transactions. End-user exchange members pointed out that business that was once conducted by telephone had moved to text messaging, so the carve out in the rule for oral communications had little utility. They pointed out that it was simply not technologically feasible to keep pre-trade text messages in a form and manner ''identifiable and searchable by transaction.'' Further, bipartisan Congressional action on the rule's unworkable nature made it clear that the Commission should re-open the rule to lessen the burden on market participants not registered with the CFTC.[3]

In November 2014, the CFTC did propose changes to Rule 1.35.[4] Unfortunately, I could not support that proposal because it did not go far enough in addressing concerns about the feasibility and cost of compliance.[5] It continued to contain provisions that were overly burdensome in practice for certain covered entities. For example, the proposal kept 2012 rule revisions that required the keeping of all oral and written records that lead to the execution of a transaction in a commodity interest and related cash or forward transaction, in a form and manner ''identifiable and searchable by transaction.''[6] This ''searchable'' requirement also conflicted with the requirements of Commission Rule 1.31, which applies to all books and records required to be kept by the Commodity Exchange Act and Commission regulations.

Appropriately, the final revisions to Rule 1.35 address many of the issues raised in my year-old dissent. End-user exchange members that are not registered or required to be registered with the Commission now must only keep transaction records, which is a logical and prudent course of regulatory policy. Text messages are also excluded from the recordkeeping requirement for end-users, but communications through internet-based messaging services must be kept on file. I anticipate that this distinction will generate interesting public commentary.[7]

Aside from the technical points of the final rule, it is appropriate to comment on the skyrocketing compliance costs associated with trading in American commodity markets. There is an undeniable need for the CFTC to police these markets and root out fraud and abuse. Confidence and trust in our markets is essential so that farmers, manufacturers and other end-users can safely hedge their risks and costs of production. Yet, agricultural intermediaries, particularly small futures commission merchants, are being squeezed by the prolonged environment of low interest rates and increased regulatory burdens. Regulators must always balance the public's interest in collecting commercial information for use in investigations and enforcement, against costs and burdens placed on American commerce and industry and the jobs they generate. In this protracted period of weak economic growth with an enormous number of Americans out of the workforce, we must scrupulously avoid needless red tape and compliance costs that are invariably passed along through higher costs for everyday items like a loaf of bread or a gallon of gasoline, milk or winter heating oil.

I believe the final Rule 1.35 generally gets the balance right. Yet, I must give a plain and simple warning: The elimination of unnecessary recordkeeping burdens provided in this final rule will be paradoxically tossed aside for many small market participants if Regulation Automated Trading (''Regulation AT'') is finalized as proposed.[8] Under Regulation AT, many unregistered market participants would be forced to register for the first time with the CFTC as ''floor traders'' due to the broad definition of ''algorithmic trading.''[9] As new floor traders, these market participants would then be subject to heighted recordkeeping requirements under Rule 1.35, such as keeping all ''written communications provided or received concerning quotes, bids, offers, instructions, trading, and prices *that lead to the execution of a transaction.''*[10] As I said in my statement accompanying the Notice of Proposed Rulemaking for Regulation AT, I encourage market participants to carefully review and consider the compliance and cost consequences of that potential new regulatory regime and compare it to today's common-sense revisions to Rule 1.35.

As I have mentioned in the past, I have been fortunate during my time as a Commissioner to visit with agricultural and energy producers and intermediaries in Illinois, Indiana, Iowa, Minnesota, Texas, Louisiana and Kentucky. The common refrain I hear again and again is that Washington does not listen to everyday Americans. It imposes rules and regulations without regard to their obvious impact on ordinary people. Well, I believe this rule benefits from listening to those concerns and is a step in the right direction. I am hopeful that it is an indicator of future action by the CFTC that more readily takes to heart these common concerns in all of our regulatory actions.

[FR Doc. 2015–32416 Filed 12–23–15; 8:45 am]

BILLING CODE 6351–01–P

[1] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, 124 Stat. 1376 (2010).

[2] *See* Adaptation of Regulations to Incorporate Swaps-Records of Transactions, 77 FR 75523 (Dec. 21, 2012), *available at https://www.gpo.gov/fdsys/pkg/FR-2012-12-21/pdf/2012-30691.pdf.*

[3] *See* H.R. 4413, the *Customer Protection and End-User Relief Act,* Sec. 353 (113th Congress) and H.R. 2289, the *Commodity End-User Relief Act,* Sec. 308 (114th Congress).

[4] *See* Records of Commodity Interest and Related Cash or Forward Transactions, 79 FR 68140 (Nov. 14, 2014), *available at http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2014-26983a.pdf.*

[5] *See id.* at 68147–148 (Dissenting Statement of Commissioner J. Christopher Giancarlo).

[6] *See supra* note 4.

[7] As finalized, the rule excludes text messages based on SMS and MMS technology, but includes internet-based messaging services such as iPhone messages because they are easier to store and retrieve on computers. While this outcome is puzzling and not technologically neutral, the best manner to ensure compliance with CFTC regulations is education on our rules.

[8] *See* CFTC Notice of Proposed Rulemaking (3038–AD52), Regulation Automated Trading (Dec. 14, 2015), *available at http://www.cftc.gov/idc/groups/public/@newsroom/documents/file/federalregister112415.pdf.*

[9] *See* definition of ''Algorithmic Trading'' in proposed Commission regulation 1.3(zzzz), which is very broad and would appear to capture market participants using off-the-shelf type automated systems or simple excel spreadsheets to automate trading.

[10] Emphasis added; *see* Commission Rule 1.35(a)(1)(iii) (defining ''written pre-trade communications'') and Rule 1.35(a)(2)(ii) (requiring all ''floor traders'' to keep all ''written pre-trade communications'').

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 578

[Docket No. FR–5783–C–03]

RIN 2501–AD66

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Conforming Amendments; Correction

AGENCY: Office of the Secretary, HUD.

ACTION: Final rule; correction.

SUMMARY: The Department of Housing and Urban Development is correcting a final rule that was published in the **Federal Register** on December 7, 2015 (80 FR 75931). The December 7, 2015, final rule contains an amendatory instruction that is inconsistent with amendments made by a final rule that was published on December 4, 2015 (80 FR 75791).

DATES: Effective January 6, 2016.

FOR FURTHER INFORMATION CONTACT: Scott Moore, Financial Operations Analyst, Office of the Chief Financial Officer, Financial Policy & Procedures Division, 451 7th Street SW., Room 3210, Washington, DC 20410, telephone number 202–402–2277, or Loyd LaMois, Supervisory Program Analyst, Office of Strategic Planning and Management, 451 7th Street SW., Room 3156, Washington, DC 20410, telephone number 202–402–3964. These are not a toll-free numbers. Persons with hearing or speech impairments may access these numbers through TTY by calling the Federal Relay Service, toll-free, at 800–877–8339.

SUPPLEMENTARY INFORMATION: In FR Doc 2015–29692 appearing at page 75931 in the **Federal Register** of Monday, December 7, 2015, the following correction is made:

§ 578.103 [Corrected]

On page 75940, in the second column, amendatory instruction 98.a., is corrected to read as follows: ''a. In paragraph (a)(17)(iii), remove '24 CFR 85.36 and 24 CFR part 84' and add in its place '2 CFR part 200, subpart D'; and''.

Dated: December 21, 2015.

Aaron Santa Anna,

Assistant General Counsel for Regulations.

[FR Doc. 2015–32470 Filed 12–23–15; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Parts 315, 353, and 360

[Docket No.: FISCAL–2015–0002]

RIN 1530–AA11

Regulations Governing United States Savings Bonds

AGENCY: Bureau of the Fiscal Service, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: The United States Department of the Treasury, Bureau of the Fiscal Service, is issuing a final rule amending regulations governing United States savings bonds to address certain state escheat claims.

DATES: Effective December 24, 2015.

ADDRESSES: You can download this final rule at the following Internet address: *http://www.regulations.gov, http://www.gpo.gov,* or *http://www.fiscal.treasury.gov.*

FOR FURTHER INFORMATION CONTACT: Theodore C. Simms II, Senior Counsel, 202–504–3710 or *Theodore.Simms@fiscal.treasury.gov.*

SUPPLEMENTARY INFORMATION:

I. Background

The United States Department of the Treasury has issued savings bonds since 1935 on the credit of the United States to raise funds for federal programs and operations. Article 8, Section 8, Clause 2 of the Constitution authorizes the federal government to ''borrow money on the credit of the United States.'' Under this grant of power, ''the Congress authorized the Secretary of the Treasury, with the approval of the President, to issue savings bonds in such form and under such conditions as he may from time to time prescribe. . . .'' *Free* v. *Bland,* 369 U.S. 663, 667 (1962) (citing the predecessor to 31 U.S.C. 3105). Congress provided that the proceeds of savings bonds may be used by the federal government for any expenditures authorized by law. See 31 U.S.C. 3105(a).

Congress expressly authorized the Secretary of the Treasury to establish the terms and conditions that govern the savings bond program. 31 U.S.C. 3105(c). Treasury's savings bond regulations implement this authority, setting forth a contract between the United States and savings bond purchasers. This contract gives purchasers confidence that the United States will honor its debts when a purchaser surrenders a savings bond for payment. The contract also protects the public fisc by ensuring that Treasury does not face multiple claims for payment on a single savings bond.

Under Treasury regulations, savings bonds have always been registered securities. The regulations authorize several forms of registration, including registration to individuals who are owners, co-owners, and beneficiaries, as well as to fiduciaries and institutions. See 31 CFR 315.7, 353.7, and 360.6. The regulations also provide that savings bonds are not transferrable and are payable only to the registered owner, except as described in Treasury regulations. See 31 CFR 315.15, 353.15, and 360.15. Detailed regulations describe when payment will be made to a person or entity that is not the registered owner.

To redeem a paper savings bond, the registered owner or a successor specified in the regulations must surrender the physical bond. Although there are exceptions to the requirement that the bond be surrendered, the exceptions are carefully drawn to protect the owner's rights and to protect Treasury against competing claims. For example, if a claimant cannot surrender the bond, the claimant must provide satisfactory evidence of the loss, theft, or destruction of the bond, or a satisfactory explanation of the mutilation or defacement, as well as sufficient information to identify the bond by serial number. See, *e.g.,* 31 CFR parts 315 and 353, subpart F. An owner's right to payment continues indefinitely. Pursuant to statutory authority, Treasury regulations allow owners to keep their bonds indefinitely and to surrender them for payment even years after the bonds mature. See 31 U.S.C. 3105(b) and 31 CFR parts 315 and 353, subpart H.

II. State Escheat Claims for the Custody of Savings Bonds

Many state escheat laws allow states to take custody of unclaimed or abandoned property. Treasury's savings bond regulations do not explicitly address the topic of abandoned savings bonds, or the effect of custody escheat statutes on the rights of savings bond owners. Treasury has addressed the topic in guidance and in litigation.

In 1952, Treasury issued a bulletin to the Federal Reserve Banks providing guidance on custody escheat claims. The bulletin addressed a state claim to the custody of four savings bonds in the state's possession, which had belonged to a ward of the state who died without heirs.[1] In this context, Treasury stated that it will not recognize a state claim to the custody of savings bonds, but will recognize an escheat judgment that confers title on a state because ''in escheat the state is 'the ultimate heir.' '' [2] The 1952 bulletin does not identify a specific regulation authorizing state escheat claims, the full criteria under which they will be considered, or a process for submitting them. Because the state did not claim title over the bonds, this kind of detail was unnecessary.

Treasury addressed a new, broader custody escheat claim in 2004 and 2006,

[1] Public Debt Bulletin No. 111, Subject: State Statutes Concerning Abandoned Property (Feb. 27, 1952) at 1.

[2] *Id.* at 3.