

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Amex has neither solicited nor received written comments with respect to the proposed rule change.

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

Because the foregoing rule change (1) does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; (3) does not become operative for 30 days from December 11, 2001, the date on which it was filed, and the Exchange provided the Commission with written notice of its intent to file the proposed rule change at least five business days prior to the filing date, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>5</sup> and Rule 19b-4(g)(6) thereunder.<sup>6</sup> At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such proposed 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 20549-0609. 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 in Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the Amex. All submissions should refer to SR-Amex-2001-103 and should be submitted by January 29, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-404 Filed 1-7-02; 8:45 am]

BILLING CODE 8010-01-M

### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45221; File No. SR-CBOE-99-45]

#### Self-Regulatory Organizations; Notice of Filing of Amendment No. 2 to Proposed Rule Change by the Chicago Board Options Exchange, Inc. to Clarify Certain Aspects of Interpretation and Policy .02 to Exchange Rule 6.8

January 2, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 19, 2001, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") Amendment No. 2 to the proposed rule change, as described in Items I, II, and III below, which Items have been prepared by the CBOE.<sup>3</sup> On December 28, 1999, the proposed rule change was published for comment in the **Federal Register**.<sup>4</sup> On October 30, 2000, the CBOE filed Amendment No. 1 to the

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See letter from Joanne Moffic-Silver, General Counsel and Corporate Secretary, Legal Department, CBOE to Stephen M. Cutler, Director, Division of Enforcement, Commission, Annette L. Nazareth, Director, Division of Market Regulation ("Division"), Commission, and Lori A. Richards, Director, Office of Compliance, Inspections and Examination, Commission, dated November 19, 2001 ("Amendment No. 2"). In Amendment No. 2, the CBOE proposes to set forth specific, objective criteria describing the circumstances in which Exchange Floor Officials may determine that quotes from one or more markets in one or more particular classes of options are not reliable and, thus, may be excluded from CBOE's Retail Automatic Execution System ("RAES") determination of the National Best Bid and Offer ("NBBO").

<sup>5</sup> See Securities Exchange Act Release No. 42256 (December 20, 1999), 64 FR 72707 (December 28, 1999).

proposed rule change.<sup>5</sup> Amendment No. 2 supersedes and replaces Amendment No. 1 in its entirety.<sup>6</sup> The Commission is publishing this notice to solicit comments on Amendment No. 2 to the proposed rule change from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to change its Interpretation and Policy .01 to CBOE Rule 6.8 (RAES Operations) in order to add specific, objective criteria describing the circumstances in which Exchange Floor Officials may determine that quotes from one or more markets in one or more particular classes of options are not reliable, and, thus, may be excluded from CBOE's Retail Automatic Execution System ("RAES") determination of the National Best Bid and Offer ("NBBO"). The text of Amendment No. 2 to the proposed rule change is provided below. Changes to the current rule text are in italics; deletions from the current rule text are in brackets.

*RAES Operations in Equity Options*

Rule 6.8 [No change]

\* \* \* Interpretation and Policy

.01 [No change]

.02 (a) Orders to buy or sell options that are multiply traded in one or more markets in addition to the Exchange will not be automatically executed on RAES at prices inferior to the current best bid or offer in any other market, as such best bids or offers are identified in RAES.

*Under circumstances where two Floor Officials determine that quotes from one or more particular markets in one or more classes of options are not reliable, the Floor Officials may direct the senior person in charge of the Exchange's Control Room to exclude the unreliable quotes from the RAES determination of the NBBO in the particular option class(es).*

*I. Two Floor Officials may determine quotes in one or more particular options classes in a market are not reliable under any of the following circumstances:*

*(a) Quotes Not Firm: A market's quotes in a particular options class are not firm based upon direct communication to the Exchange from*

<sup>5</sup> See letter from Christopher R. Hill, Attorney II, Legal Department, CBOE to Terri Evans, Special Counsel, Division, Commission, dated October 24, 2000 ("Amendment No. 1").

<sup>6</sup> Telephone conversation between Patrick Sexton, Legal Division, CBOE, and Deborah Flynn, Assistant Director, Division, Commission, on December 14, 2001.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

the market or the dissemination through OPRA of a message indicating that disseminated quotes are not firm;

(b) *Confirmed Quote Problems:* A market has directly communicated to the Exchange or otherwise confirmed that the market is experiencing systems or other problems affecting the reliability of its disseminated quotes;

(c) *Crossed or Locked Markets:* One or more floor officials observe that the market's quotes in six or more option series in a particular options class are crossed or locked with the disseminated quotes of two or more other markets (which may include the Exchange), and continue to be crossed or locked for 30 seconds or more, provided that the quotes must be crossed or locked at the time. Floor Officials determine to exclude the unreliable quotes from the RAES determination of the NBBO; or

(d) *Documented Firm Quote Issues:* One or more floor officials observe any of the following:

(1) One or more orders originating from an Exchange DPM or market-maker for a particular options class that are filled by the market at a worse price than its disseminated quote without a required quote change;

(2) One or more market orders or marketable limit orders originating from an Exchange DPM or market-maker for a particular options class that are confirmed to be unfilled or partially unfilled by the market without a required quote change; or

(3) One or more market orders or marketable limit orders originating from an Exchange DPM or market-maker for a particular options class partially filled by a "responsible broker or dealer" at its disseminated quote, followed by a quote change and a redisplay of the previously disseminated quote by the same "responsible broker or dealer" in less than 30 seconds.

In all such cases, the situation will be documented by the Exchange Control Room and reported to regulatory authorities at the appropriate market.

II. In all cases where floor officials exclude a market or any of its quotes from the RAES determination of the NBBO due to quote unreliability, the Exchange Control Room will promptly notify the market of the action, continue to monitor the reliability of the excluded quotes in consultation with Floor Officials, and maintain records showing the date, time, duration, and reasons for each such action, as well as the identity of the Floor Officials who authorized the action. Any determination to exclude a market or any of its quotes from the RAES determination of the NBBO pursuant to I(a) and (b) above will expire at the end of the trading day, or

at such time as the quotes are confirmed by the market to be reliable again—whichever occurs first. Any determination to exclude a market or any of its quotes from the RAES determination of the NBBO pursuant to I(c) and (d) above will expire not later than 30 minutes after the initial determination, unless two Floor Officials determine that the excluded quotes continue to be unreliable in which case the quotes will continue to be excluded for an additional period of time not to exceed 30 minutes pending further Floor Official review. Exclusion of a market or its quotes from the RAES determination of the NBBO will be reported to Exchange member firms.

(b) In respect of those classes of options that have been specifically designated by the appropriate Floor Procedure Committee as coming within the scope of [this] the first sentence of .02(a) ("automatic step-up classes"), under circumstances where the Exchange's best bid or offer is inferior to the current best bid or offer in another market by no more than the "step-up amount" as defined below, such orders will be automatically executed on RAES at the current best bid or offer in the other market.

(i) In respect of automatic step-up classes of options under circumstances where the Exchange's best bid or offer is inferior to the current best bid or offer in another market by more than the step-up amount, or

(ii) In respect of series of option classes designated by the appropriate Floor Procedure Committee or its Chairman under circumstances where the NBBO for one of the series is crossed (e.g., 6.10 bid, 6 asked) or locked (e.g., 6 bid, 6 asked), or

(iii) In respect of specified automatic step-up classes or series of options or specified markets under circumstances where the Chairman of the appropriate Floor Procedure Committee or his designee has determined that automatic step-up should not apply because quotes in such options or markets are deemed not to be reliable, or

(iv) In respect of classes of equity options other than automatic step-up classes where the Exchange's best bid or offer is inferior to the current best bid or offer in another market by any amount, such orders will be rerouted for non-automated handling to the DPM or OBO for that class of options, or to any other location in the event of system problems or contrary routing instructions from the firm that forwarded the order to RAES. If the order has been rerouted to the DPM or OBO, the DPM or OBO will report the execution or non-execution of such

orders to the firm that originally forwarded the order to RAES. With respect to the orders that are rerouted for manual handling pursuant to (ii) above, the appropriate Floor Procedure Committee may determine to have the orders for a particular series within a designated class of options executed on RAES notwithstanding the fact that the NBBO is either crossed or locked. Also, with respect to (ii) above, the appropriate Floor Procedure Committee may determine to have the orders rerouted for manual handling only when the CBOE RAES becomes crossed or locked as a result of applying the step-up amount.

As used in this Interpretation and Policy .02, the term "step-up amount" shall be expressed in an amount consistent with the minimum trading increment for options of that series established pursuant to Rule 6.42. The appropriate Floor Procedure Committee shall determine the step-up amount in respect of specified automatic step-up classes or series of options and may vary the "step-up amount" on the basis of order size parameters. The procedures described in this Interpretation .02(b) shall not apply in circumstances where a "fast market" in the options that are the subject of the orders in question has been declared on the Exchange or where comparable conditions exist in the other market such that firm quote requirements do not apply.

(c) For purposes of this Interpretation and Policy .02, the term "Exchange's best bid or offer" shall mean the price for the series as established by the DPM's Autoquote or proprietary automated quotation updating system. Classes of options in which Autoquote or a proprietary automated quotation updating system are not operative shall not be deemed to be "automatic step-up classes," as that term is defined in paragraph [(a)] (b) of this Interpretation.

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

In its filings with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change, as amended by Amendment No. 2, and discussed any comments it received on the proposed rule change, as amended. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Interpretation and Policy .02 to CBOE Rule 6.8 provides that orders to buy or sell equity options that are multiply traded in one or more markets in addition to the CBOE will not be executed on RAES at prices inferior to the current best bid or offer in any other market, as the NBBO is identified in RAES.

Amendment No. 2 is designed to clarify procedures and specifically describe the circumstances under which the Exchange will be permitted to remove another market's quotes from the NBBO calculation. Specifically, removal will occur only when specific conditions set forth in this amendment allow Exchange Floor Officials to make a determination based on objective criteria that quotes in one or more options classes in a market are not reliable.

**Reliable NBBO Calculations Benefit Public Customers**

The CBOE believes that the presence of inaccurate and unreliable quotes is a significant problem because incorrect quotes undermine the integrity of the NBBO and by doing so, impede the very purpose of the National Market System, as well as inhibit the ability of public customers to obtain best execution for their orders. Removal of unreliable quotes, effected through objective criteria and well-defined procedures, is an appropriate function of the Exchange, necessary to protect the integrity and fairness of the market.

An NBBO is critical to the National Market System because it serve as the reference point for almost every options transaction effected on the Exchange. An accurate NBBO is essential because it allows market makers to compete actively with traders at other markets to offer improved pricing, which in turn, allows brokers to compare prices across markets to ensure that customers are getting the best prices. For example, CBOE's RAES system uses the Exchange's internally calculated NBBO to ensure that customer orders executed on RAES are executed quickly and at the best available price. Thus, CBOE rules generally provide for an automatic execution for customer orders for RAES eligible orders at the NBBO, if the NBBO is not more than one "tick" better than the prevailing price at CBOE. If the NBBO is more than one "tick" better than the current CBOE price, however, the order is removed from the RAES

system and is routed to the trading floor for manual handling.

If the NBBO includes "unreliable" quotes, i.e., quotes that do not accurately reflect prevailing quotes at another market, and such unreliable quotes are more than one tick better than CBOE's quotes, customer orders will be removed from CBOE's RAES system. According to the CBOE, such orders will not be executed at the quoted NBBO, however, because no market actually will be trading at the unreliable NBBO quote. The presence of the unreliable quote in the NBBO therefore needlessly will deprive the customer of a fast, automatic execution through RAES. In fact, depending on the speed and direction of the market's movement, a rejected order may end up being executed at a price inferior to the CBOE's market at the time the order was entered. An incorrect NBBO may even prevent a customer order from being filled at all. For example, if a customer submitted a RAES-eligible marketable limit order, but the order was removed from RAES because of an unreliable quote in the NBBO that was more than one tick better than CBOE's quote, the market may move away from the customer's limit order price during the process of rerouting and manual handling of the customer's order. As a result, the customer's order may not get filled at all, or may receive a price less favorable than what would have been obtained had the customer's order been executed on RAES without the "unreliable" quotes.

The presence of unreliable quotes in the NBBO calculation therefore harms public customers, and it is the goal of the proposed rule change, as amended, to clarify the procedures for preventing such harm by removing unreliable quotes from the NBBO.

**Specific Criteria for Unreliability Determinations**

As indicated in new Subsection .02(A)(I) of the proposed rule change, as amended, two Floor Officials may determine that quotes in one or more particular option classes in a market are not reliable and thus may be excluded from the NBBO determination under any of the following circumstances:

- (a) Where a market confirms that its quotes are not firm based upon direct communication to CBOE from the market or the dissemination through OPRA of a message indicating that disseminated quotes are not firm;
- (b) Where a market directly communicates to CBOE or otherwise confirms that it is experiencing systems or other problems affecting the reliability of its disseminated quotes;

(c) Where one or more Floor Officials observe that six or more option series in a particular options class are crossed or locked with the disseminated quotes of two or more other markets, and continue to be crossed or locked for 30 seconds or more, provided that the quotes are crossed or locked at the time Floor Officials determine to exclude the unreliable quote from the RAES determination of the NBBO; or

(d) Where a Floor Official observes any of the following:

- (1) One or more orders originating from an Exchange DPM or market-maker for a particular options class that are filled by the market at a worse price than its disseminated quote without a required quote change;
- (2) One or more market orders or marketable limit orders originating from an Exchange DPM or market-maker for a particular options class that are confirmed to be unfilled or partially unfilled by the market without a required quote change; or
- (3) One or more market orders or marketable limit orders originating from an Exchange DPM or market-maker for a particular options class partially filled by a "responsible broker or dealer" at a worse price than its disseminated quote, followed by a quote change and a redisplay of the previously disseminated quote by the same "responsible broker or dealer" in less than 30 seconds.

The Exchange believes that proposed new subsections I(a)-(d) to Interpretation .02 to Rule 6.8 provide Floor Officials with specific, objective criteria when making a determination that another market's quote are unreliable. In addition, the Exchange believes that the criteria set forth above are consistent with recent amendments to Rule 11Ac1-1 under the Act,<sup>7</sup> which require options exchanges and options market makers to publish firm quotes.<sup>8</sup> Specifically, in new subsections I(a) and (b), two Exchange Floor Officials may determine that another market's quotes are not reliable based on direct communication from that other market that its quotes are not firm or that it is experiencing systems or other problems affecting the reliability of its disseminated quotes.

In new subsection I(c), two Exchange Floor Officials may determine that another market's quotes are not reliable only after one or more Floor Officials observe that six or more option series in a particular options class are crossed or

<sup>7</sup> 17 CFR 240.11Ac1-1.

<sup>8</sup> Securities Exchange Act Release No. 43591 (November 17, 2000), 65 FR 75439 (December 1, 2000).

locked with the disseminated quotes of two of more other markets, and continue to be crossed or locked for 30 seconds or more, provided that the quotes are crossed or locked at the time Floor Officials determine to exclude the unreliable quote from RAES determination of the NBBO. In new subsection I(d), two Exchange Floor Officials may determine that another market's quotes are not reliable only after one or more Floor Officials observe certain specific action with respect to the execution of orders originating from CBOE Designated Primary Market-makers or market-makers.

The Exchange believes that the objective criteria set forth in new subsection I provide an appropriate basis for Floor Officials to make a determination that another market's quotes are not reliable.

#### Procedures for Applying the Criteria

In developing these objective criteria for determining that another market's quotes are not reliable and, thus, may be excluded from the RAES determination of the NBBO, the Exchange has vested complete authority to make such determinations with Exchange Floor Officials. The market participants who are impacted by unreliable quotes have no authority or power to make determinations of unreliability.

As specified in Subsection (a)II, in all instances where Floor Officials exclude a market or any of its quotes from the RAES determination of the NBBO due to quote unreliability, the Exchange Control Room will promptly notify the market of the action and continue to actively monitor the reliability of the excluded quotes in consultation with Floor Officials. Any determination to exclude a market or any of its quotes pursuant to Subsections I(a) and (b) will expire at the end of the trading day, or at such time as the quotes are confirmed by the market to be reliable again—whichever occurs first.

Any determination to exclude a market or any of its quotes pursuant to Subsections I(c) and (d) will expire not later than 30 minutes after the initial determination, unless two Floor Officials determine that the excluded quotes continue to be unreliable, in which case the quotes will continue to be excluded for an additional period of time not to exceed 30 minutes pending further Floor Official review. This provision is consistent with CBOE Rule 8.51(e)(iv),<sup>9</sup> which similarly requires

<sup>9</sup> CBOE Rule 8.51(e)(iv) states that “[d]uring any period that the market in a reported security is in a non-firm mode, the Floor Officials shall monitor the activity or condition, which formed the basis for

CBOE Floor Officials to monitor options classes that are in non-firm mode every 30 minutes. Under CBOE Rule 8.51(e)(iv), continuation of the non-firm mode for longer than 30 minutes requires that Floor Officials reaffirm that the conditions which formed the basis for the determination to operate in non-firm mode continue to be present. Exclusion of a market or its quotes from the RAES determination of the NBBO will be reported to Exchange member firms.

Also, CBOE rules currently provide that CBOE will document in its Control Room log any action taken to disengage RAES or to operate RAES in a manner other than normal, the option classes affected by such action, the time such action was taken, the Exchange officials who undertook such action, and the reasons why such action was taken.<sup>10</sup> As a result, any determination by Floor Officials to exclude unreliable quotes from the RAES determination of the NBBO in particular option classes pursuant to subsections I(a) through (d) of Interpretation .02 will be documented in the Exchange's Control Room log.

As also indicated, this proposal relabels a portion of the previous Interpretation .02(a) text as .02(b) for greater ease of reference and relabels the previous Interpretation .02(b) text as .02(c).

#### 2. Statutory Basis

CBOE believes that the proposed rule change, as amended, is consistent section 6(b) of the Act,<sup>11</sup> in general, and further the objectives of Section 6(b)(5),<sup>12</sup> in particular. By setting forth specific criteria that will be used to protect the integrity of the Exchange's NBBO calculations, public customers will receive better executions of their orders more frequently. This will improve the efficiency of RAES, thereby removing impediments to, and perfecting the mechanism of, a free and open market and a national market system, and thus protecting investors and the public interest.

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

The CBOE does not believe that the proposed rule change, as amended, will

impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

their determination. No more than 30 minutes after such market has been designated to be in a non-firm mode, the DPM shall review the condition of such market with the Floor Officials. Continuation of the non-firm mode for longer than 30 minutes shall require the reaffirmation of the reviewing Floor Officials. Such review and reaffirmation shall occur not less frequently than every 30 minutes thereafter while the non-firm mode is in effect.”

<sup>10</sup> CBOE Rule 6.8, Interpretation .08.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments on the proposed rule change, as amended.

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

Within 35 days of the publication of this notice in the **Federal Register** or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the CBOE consents, the Commission will:

(A) By order approve the proposed rule change, as amended, or

(B) Institute proceedings to determine whether the proposed rule change, as amended, should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 2, including whether Amendment No. 2 is consistent with the Act. The Commission notes, in particular, that CBOE is a party to the intermarket options market linkage plan (“Linkage Plan”) approved by the Commission in July 2000.<sup>13</sup> The Commission specifically seeks comment on the potential implications of this proposal on the implementation and operation of the Linkage Plan. Specifically, the Commission seeks comment on whether proposed Amendment No. 2 is consistent with the requirements of the linkage Plan.

Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. 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

<sup>13</sup> See Securities Exchange Act Release No. 43086 (July 28, 2000), 65 FR 48023 (August 4, 2000).

the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File Number SR-CBOE-99-45 and should be submitted by January 24, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-403 Filed 1-7-02; 8:45 am]

**BILLING CODE 8010-01-M**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3389]**

**State of Minnesota**

Ramsey County and the contiguous Counties of Anoka, Dakota, Hennepin and Washington in the State of Minnesota constitute a disaster area due to damages caused by a fire at the Shoreview Hills Apartments that occurred on November 24, 2001. Applications for loans for physical damage may be filed until the close of business on February 25, 2002 and for economic injury until the close of business on September 22, 2002 at the address listed below or other locally announced locations:

U.S. Small Business Administration,  
Disaster Area 2 Office, One Baltimore  
Place, Suite 300, Atlanta, GA 30308

The interest rates are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere .....	6.500
Homeowners Without Credit Available Elsewhere .....	3.250
Businesses With Credit Available Elsewhere .....	8.000
Businesses and Non-Profit Organizations Without Credit Available Elsewhere .....	4.000
Others (Including Non-Profit Organizations) With Credit Available Elsewhere .....	6.375
For Economic Injury: Businesses and Small Agricultural Cooperatives Without Credit Available Elsewhere .....	4.000

The number assigned to this disaster for physical damage is 338905 and for economic injury is 900600.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: December 21, 2001.

**Hector V. Barreto,**

*Administrator.*

[FR Doc. 02-472 Filed 1-7-02; 8:45 am]

**BILLING CODE 8025-01-P**

**SMALL BUSINESS ADMINISTRATION**

**[Declaration of Disaster #3383]**

**State of Mississippi; Amendment #1**

In accordance with information received from the Federal Emergency Management Agency, the above-numbered Declaration is hereby amended to include Grenada, Lafayette, Leake, Scott, and Tunica Counties in the State of Mississippi as a disaster area due to damages caused by severe storms, tornadoes, and flooding and to establish the incident period for this disaster as beginning on November 24, 2001 and continuing through December 17, 2001.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the previously designated location: Calhoun, Carroll, Jasper, Montgomery, Neshoba, Newton, Pontotoc, Smith, Union, Webster, and Winston Counties in Mississippi, and Lee County in Arkansas. All other counties contiguous to the above-named primary counties have been previously declared.

All other information remains the same, i.e., the deadline for filing applications for economic injury is September 9, 2002.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: December 21, 2001.

**James E. Rivera,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 02-471 Filed 1-7-02; 8:45 am]

**BILLING CODE 8025-01-P**

**DEPARTMENT OF TRANSPORTATION**

**Federal Highway Administration**

**Environmental Impact Statement: SR 20 (Sharpes Corner to SR 536) Skagit County, Washington**

**AGENCY:** Federal Highway Administration (FHWA), DOT.

**ACTION:** Cancellation of Notice of Intent, FR document 99-23249.

**SUMMARY:** The FHWA is issuing this notice to rescind the previous Notice of Intent issued on August 27, 1999, to prepare an Environmental Impact

Statement (EIS) for the proposed highway project in Skagit County, Washington. It was printed in the **Federal Register** on September 8, 1999.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Healy, Transportation and Environmental Engineer, Federal Highway Administration, Washington Division, 711 South Capitol Way, Suite 501, Olympia, Washington 98501, telephone: (360) 753-9480; Don Nelson, Director of Environmental and Engineering Programs, Washington State Department of Transportation, Transportation Administration Building, P.O. Box 47323, Olympia, WA (360) 705-6828, Director or Lorena Eng P.E., Northwest Region Administrator, WSDOT, 15700 Dayton Avenue North, P.O. Box 330310, Seattle, WA 98133-9710, telephone: (206) 440-4691.

**SUPPLEMENTARY INFORMATION:** The FHWA, in cooperation with the Washington State Department of Transportation (WSDOT), issued a Notice of Intent on September 8, 1999 to prepare an (EIS) on a proposal to prepare alternative solutions to reduce the accident rate and provide capacity to meet current and future needs along a seven miles of the State Route 20 corridor near Anacortes from Sharpe's Corner to SR 536. The SR 20 transportation safety improvement EIS is a National Environmental Policy Act (NEPA) "pilot" project, intended to evaluate and improve the application of the NEPA process specifically for EIS level of documentation. The "pilot" process was developed cooperatively by Washington State and Federal agencies, and is jointly sponsored by FHWA and WSDOT. As project limits and elements have been refined, the impacts have been more specifically identified, and the FHWA and WSDOT have jointly decided that the project will not result in significant impacts to the environment. A documented Categorical Exclusion (DCE) is the most appropriate environmental document under the NEPA rather than an EIS. The SR 20 transportation safety improvement project will phase-out of the "pilot" process upon definition of the preferred alternative, and be followed by preparation of the DCE and submission of the DCE for public comment. Any person with questions about the project may write to Paul Johnson P.E. at 15700 Dayton Avenue North, MS 210, P.O. Box 330310, Seattle, WA 98133-9710, or call (206) 440-4711.

(Catalog of Federal Domestic Assistance Program Number 20.205, Highway Planning and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on

<sup>14</sup> 17 CFR 200.30-2(a)(12).