

(1) The Touchstone High Yield Fund is an appropriate portfolio to which to move contractowners with value allocated to the Morgan Stanley High Yield Portfolio because the portfolios have substantially similar investment objectives and policies.

(2) The costs of the Substitution, including any brokerage costs, will be borne by Integrity and National Integrity and will not be borne by contractowners. No charges will be assessed to effect the Substitution.

(3) The Substitution will be at the net asset values of the respective shares without the imposition of any transfer or similar charge and with no change in the amount of any contractowner's cash value or death benefit or in the dollar value of his or her investment of either of the subaccounts.

(4) The Substitution will not cause the fees and charges under the Contracts currently being paid by contractowners to be greater after the Substitution than before the Substitution and in each case will result in contractowners' contract values being moved to a portfolio with the same current total annual expenses (including lower current management fees) than the current total annual expenses of the Morgan Stanley High Yield Portfolio.

(5) Touchstone will cap total annual expenses of the Touchstone High Yield Fund at .80% of average daily net assets for a two-year period beginning on the date of the Substitution.

(6) All contractowners will be given notice of the Substitution prior to the Substitution and will have an opportunity for 30 days after the Substitution to reallocate accumulation value among other available subaccounts without the imposition of any transfer charge or limitation and without being counted as one of the contractowner's free transfers in a contract year.

(7) Within five days after the Substitution, Integrity and National Integrity will send to its affected contractowners written confirmation that the Substitution has occurred.

(8) For those contractowners who are contractowners on the date of the Substitution, Integrity and National Integrity will not increase Separate Account or Contract fees and expenses for a two-year period beginning on the date of the Substitution.

(9) The Substitution will in no way alter the insurance benefits to contractowners or the contractual obligations of Integrity and National Integrity.

(10) The Substitution will have no adverse tax consequences to

contractowners and will in no way alter the tax benefits to contractowners.

Conclusion

Applicants request an order of the Commission pursuant to section 26(c) of the Act approving the Substitution. Section 26(c), in pertinent part, provides that the Commission shall issue an order approving a substitution of securities if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. For the reasons and upon the facts set forth above, the requested order meets the standards set forth in Section 26(c) and should, therefore, be granted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 33-8072, File No. S7-04-02]

Securities Uniformity; Annual Conference on Uniformity of Securities Laws

AGENCY: Securities and Exchange Commission.

ACTION: Notice of conference; Request for comments.

SUMMARY: The Commission and the North American Securities Administrators Association, Inc. today announced a request for comments on the proposed agenda for their annual conference to be held on April 15, 2002. This meeting seeks to carry out the policies and purposes of section 19(c) of the Securities Act of 1933, principally to increase cooperation between the Commission and state securities regulatory authorities in order to maximize the effectiveness and efficiency of securities regulation.

DATES: The conference will be held on April 15, 2002. Your comments must be received by April 10, 2002 in order to be considered for discussion by conference participants.

ADDRESSES: Please send three copies of written comments to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0609.

Comments also can be sent electronically to the following e-mail address: rule-comments@sec.gov.

Comment letters should refer to File No.

S7-04-02; if e-mail is used, please include this file number on the subject line. Anyone can inspect and copy the comment letters at our Public Reference Room, 450 5th Street, NW, Washington, DC 20549-0102. All electronic comment letters will be posted on the Commission's Internet Web site, <http://www.sec.gov>.¹

FOR FURTHER INFORMATION CONTACT:

Marva Simpson, Office of Small Business Policy, Division of Corporation Finance, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0310, (202) 942-2950.

SUPPLEMENTARY INFORMATION:

I. Discussion

The federal government and the states have jointly regulated securities offerings and the securities industry since the adoption of the federal regulatory structure in the Securities Act of 1933 (the "Securities Act").² Issuers trying to raise capital through securities offerings, as well as participants in the secondary trading markets, must comply with the federal securities laws as well as all applicable state laws and regulations. Parties involved in this process have long recognized the need to increase uniformity and cooperation between the federal and state regulatory systems so that capital formation can be made easier while investor protections are retained.

Congress endorsed greater uniformity in securities regulation with the enactment of section 19(c) of the Securities Act in the Small Business Investment Incentive Act of 1980.³ Section 19(c) authorizes the Commission to cooperate with any association of state securities regulators that can assist in carrying out that Section's policy and purpose. Section 19(c) mandates greater federal and state cooperation in securities matters in order to:

- Maximize effectiveness of regulation;
- Maximize uniformity in federal and state standards;
- Minimize interference with the business of capital formation; and
- Reduce the costs, paperwork and burdens of raising investment capital, particularly by small business, and also reduce the costs of the government programs involved.

¹ We do not edit personal, identifying information, such as names or electronic mail addresses, from electronic submissions. Submit only information you wish to make publicly available.

² 15 U.S.C. 77a *et seq.*

³ Pub. L. 96-477, 94 Stat. 2275 (October 21, 1980).

The Commission is required to conduct an annual conference to establish ways to achieve these goals. The 2002 meeting will be the nineteenth conference.

During 1996, Congress again examined the system of dual federal and state securities regulation. It considered the need for regulatory changes to promote capital formation, eliminate duplicative regulation, decrease the cost of capital and encourage competition, while at the same time promoting investor protection. Congress passed the National Securities Markets Improvement Act of 1996 ("NSMIA")⁴ as a result. NSMIA contains significant provisions that realign the partnership between federal and state regulators. The legislation reallocates responsibility for regulation of the nation's securities markets between the federal government and the states in order to eliminate duplicative costs and burdens and improve efficiency, while preserving investor protections.

II. 2002 Conference

The Commission and the North American Securities Administrators Association, Inc. ("NASAA")⁵ are planning the 2002 Conference on Federal-State Securities Regulation, which will be held April 15, 2002 in Washington, DC. At the conference, Commission and NASAA representatives will divide into working groups in the areas of corporation finance, market regulation and oversight, investment management, investor education, and enforcement. Each group will discuss methods to enhance cooperation in securities matters and improve the efficiency and effectiveness of federal and state securities regulation. Generally, only Commission and NASAA representatives may attend the conference to encourage open and frank discussion. However, each working group in its discretion may invite specific self-regulatory organizations ("SROs") to attend and participate in certain sessions.

The Commission and NASAA are preparing the conference agenda. We invite the public, securities associations, self-regulatory organizations, agencies, and private organizations to participate by submitting written comments on the issues set forth below. In addition, we request comment on other appropriate

subjects. Conference attendees will consider all comments.

III. Tentative Agenda and Request for Comments

The tentative agenda for the conference consists of the following topics in the areas of corporation finance, market regulation, investment management, investor education, and enforcement.

(1) Corporation Finance Issues

NSMIA amended section 18 of the Securities Act⁶ to preempt state blue-sky registration and review of offerings of covered securities.⁷ Covered securities, as defined by section 18, include several types of securities. One class of covered securities is securities traded on the national markets like the New York Stock Exchange, Inc. ("NYSE"), American Stock Exchange LLC ("Amex") and the Nasdaq National Market System ("Nasdaq/NMS"). Covered securities also include registered investment company securities and some exempt securities and offerings.

The states retain some authority over offerings of covered securities despite this preemption. Except for nationally-traded securities, the states have the right to require fee payments and notice filings. The states also retain antifraud authority over all securities offerings, including offerings of covered securities.

Securities that are not covered securities remain subject to state registration requirements. These securities generally include the securities of smaller companies, like those quoted on the Nasdaq SmallCap market or the over-the-counter Bulletin Board, or in the "pink sheets." Securities issued under some federal exemptions from registration are not covered securities; the states retain authority to register or exempt those securities. These include securities issued in unregistered offerings under the following exemptions:

- Section 3(a)(11) of the Securities Act and Rule 147 for intrastate offerings;⁸
- Section 4(2) of the Securities Act where the offering does not meet the safe harbor requirements of Rule 506 of Regulation D;⁹
- Regulation A;¹⁰ and

- Rules 504 and 505 of Regulation D.¹¹

The states' authority over securities offerings, particularly their ability to register and review offerings of non-covered securities, continues the need for uniformity between the federal and state registration systems, where consistent with investor protection. Staff from the Commission's Division of Corporation Finance and state representatives will discuss ways to increase uniformity between the systems. The group will focus primarily on the following topics:

A. Transactions Involving "Qualified Purchasers"

Under the provisions of section 18 of the Securities Act, an additional category of covered securities is subject to preemption, *i.e.*, transactions involving qualified purchasers. This term is subject to definition by the Commission. On December 19, 2001, the Commission published a release proposing an amendment to Rule 146 under the Securities Act.¹² The proposed amendment provides a definition for the term "qualified purchaser" for purposes of section 18(b)(3) of the Securities Act in order to implement the provision. As proposed, "qualified purchaser" will be defined in the same manner as "accredited investor," under Rule 501 of Regulation D.¹³ If adopted, securities offered or sold to a "qualified purchaser" will be preempted from state registration requirements. The Commission has sought public comment on the proposed definition. Participants will discuss the proposed amendment.

B. Federal Exemptions

1. Regulation A

The participants will consider possible revisions to the Commission's Regulation A exemption from the registration requirements of the Securities Act. As presently constituted, the provision permits the offer and sale of up to \$5 million worth of securities in a 12-month period. An offering circular must be prepared for delivery before sale. Such offering materials are subject to Commission staff review. Regulation A permits the use of unaudited financial statements. However, because the offering must be registered in most cases under state

⁴ Pub. L. 104-290, 110 Stat. 3416 (October 11, 1996).

⁵ NASAA is an association of securities administrators from each of the 50 states, the District of Columbia, Puerto Rico, Mexico and twelve Canadian Provinces and Territories.

⁶ 15 U.S.C. 77r.

⁷ 15 U.S.C. 77r(a) and (b).

⁸ 17 CFR 230.147.

⁹ 17 CFR 230.501 through 230.508.

¹⁰ 17 CFR 230.251 through 230.263.

¹¹ 17 CFR 230.504 and 230.505. Other securities also are not considered covered securities. These include securities traded on regional exchanges and asset-backed and mortgage-backed securities.

¹² Release No. 33-8041 (December 27, 2001) (66 FR 66839).

¹³ 17 CFR 230.501.

laws, issuers may be required to provide audited financial statements. Further, the current level of exemption may be too low to invite professional underwriting interest in these offerings. The conferees will consider possible changes to make the Regulation A exemption more useful to small businesses, consonant with investor protection.

Regulation A also permits the offering of securities in the manner of "testing the waters" to see whether or not any potential offering of an issuer's securities would be favorably received by the investing public. The provision has not been widely used. The conferees will discuss the provision with a view to determining whether greater federal/state uniformity is an issue and can be achieved or whether other matters have caused the apparent lack of attractiveness in this provision.

2. Form D

As the result of a cooperative effort between NASAA and the Commission, in 1982, the Commission adopted Regulation D, which was intended to facilitate uniformity for limited offering exemptions at the state and federal level. Form D was adopted in conjunction with Regulation D. Form D serves as a notice of sales for use in exempt offerings under Regulation D and section 4(6) of the Securities Act. Rule 503 requires issuers seeking an exemption under Regulation D to file Form D with the Commission within 15 days after the first sale.¹⁴ Issuers must also file the Form D for sales of securities in states that have adopted the Uniform Limited Offering Exemption ("ULOEE")¹⁵ and the Form D. Currently, the Commission and some states receive paper filings. With the advent of electronic filing and advances in technology, it may be more timely and cost-effective to file the Form D using the EDGAR system. The conferees will discuss methods of simplifying the form for electronic filing purposes as well as the contents of the notice.

C. Securities of Blank Check Companies

A blank check issuer or company is one in the development stage with no specific business plan or purpose, or one that indicates that its plan is to engage in a merger or acquisition with an unidentified company or companies.¹⁶ In 1990, the U.S. Congress found that offerings by these kinds of

issuers were common vehicles for fraud and manipulation in the market for penny stocks. The Commission has adopted several rules, as Congress directed, to deter fraud in connection with these offerings.¹⁷

The group will discuss matters of mutual concern relating to these offerings, including recent developments and possible new rules and revisions of existing rules.

D. General Disclosure and Other Developments Impacting the Registration and Review of Securities Offerings

On February 13, 2002, the Commission announced its intention to propose new corporate disclosure rules in an effort to improve the financial reporting and disclosure system.¹⁸ The rule amendments would govern insider transactions and secondary market reporting, and disclosures about critical accounting policies. Generally, the proposed rules will:

- Accelerate quarterly and annual reporting—the due date for quarterly reports will be shortened from 45 to 30 days after the period end; annual reports will be due 60 days after year end, rather than 90 days;
- Require companies to post their Securities Exchange Act of 1934 ("Exchange Act")¹⁹ reports on their websites concurrently with Commission filings;
- Expand the list of significant events requiring current disclosure on Form 8-K, and accelerate the current due dates to no later than the second business day following the occurrence that triggered the Form 8-K filing;
- Require accelerated reporting by companies of transactions by company insiders in company securities, including transactions with the company; and
- Require disclosure of critical accounting policies in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") section of periodic reports.²⁰

Participants will discuss these possible rule amendments and other initiatives aimed at improving the financial reporting and disclosure system.

(2) Market Regulation Issues

A. Business Continuity Planning for Broker-Dealers

The participants will discuss business continuity planning for broker-dealers in light of the lessons learned from the events of September 11, 2001.

B. Shorter Settlement Cycles and Immobilization of Stock Certificates

In an effort to reduce systemic risks and increase efficiencies, the Commission issued a rule in 1993 that required the industry to reduce the settlement time for securities transactions from five days to three days (T+3) by June 1995.²¹ The Commission believes that the reasons identified at that time, mainly the reduction of settlement risk and an increase in efficiencies, continue to present sufficient justification to again shorten the securities settlement time.

In 2000 the Securities Industry Association ("SIA") prepared a report, "The Business Case Model," containing a cost-benefit analysis and a proposed implementation strategy for T+1. The report concluded that while the industry strongly supports T+1 because it would significantly reduce settlement exposure and create efficiencies, the cost of implementing the necessary systems and operational improvements would be substantial.

To offset these costs, the industry is proposing that the Commission promulgate a number of regulatory changes. One of the more controversial of the proposed changes is adding rules to discourage the issuance and use of physical certificates. The report indicates that the costs of processing physical securities and the risks inherent with the use of physical securities are significant to the industry and ultimately their customers. Therefore, in connection with shortening the settlement cycle, the industry is proposing that new securities be issued in book-entry form only. They also suggest that the Commission, or alternatively the exchanges and the National Association of Securities Dealers, Inc. ("NASD"), adopt rules to prohibit a broker-dealer from taking a sell order unless the shares are on deposit with the broker-dealer, a bank, or in the book-entry direct registration system operated by the Depository Trust Company ("DTC").

The Commission's staff will explore with NASAA ways in which to discourage the issuance and use of physical certificates, restrictions imposed by certain state laws and

¹⁴ 17 CFR 230.503.

¹⁵ The ULOEE provides a uniform exemption from state registration for offerings complying with Regulation D.

¹⁶ See section 7(b)(3) of the Securities Act, 15 U.S.C. 77g(b)(3).

¹⁷ 17 CFR 230.419 and 17 CFR 240.15g-8.

¹⁸ Securities and Exchange Commission Press Release No. 2002-22 (February 13, 2002).

¹⁹ 15 U.S.C. 78a et seq.

²⁰ Item 303 of Regulations S-B and S-K, 17 CFR 228.303 and 17 CFR 229.303.

²¹ 17 CFR 240.15c6-1.

exchange listing standards regarding the issuance of physical certificates, and requiring listed companies to issue in book-entry only.

C. Possible Changes to NASD Rules Relating to Tape Recording of Communications

The participants may discuss a proposed rule change filed with the Commission by the NASD to amend NASD Rule 3010(b)(2) (the "Taping Rule") and NASD Interpretive Memorandum ("IM") 8310-2.²² Under the Taping Rule, firms that hire a significant number of employees from previously disciplined firms must employ special written procedures to supervise the telemarketing activities of their registered persons, install taping systems to record all telephone conversations between registered persons and both existing and potential customers, review the tape recordings, and file quarterly reports with NASD Regulation. The proposed changes generally would: (1) Permit firms that become subject to the Taping Rule a one-time opportunity to adjust their staffing levels to fall below the prescribed threshold levels and thus avoid application of the Rule; (2) revise the criteria by which firms become subject to the Taping Rule by not counting certain short-term employees of disciplined firms toward the threshold levels; (3) extend the compliance deadline to install taping systems to 60 days; (4) clarify the NASD staff's authority to grant exemptions in exceptional cases only; and (5) extend the taping requirements from two years to three years to eliminate conflicting time periods in the Taping Rule. In addition, NASD Regulation proposes amendments to NASD IM-8310-2 to permit, upon request, public disclosure of whether a particular firm is subject to the Taping Rule.

D. Possible Revisions to Form BD

Under the regulatory scheme of the Exchange Act, broker-dealers must register with the Commission, as well as with at least one self-regulatory organization. Broker-dealers apply for registration by filing Form BD,²³ the uniform application for broker-dealer registration. The state securities regulators also use this form. Form BD requires the applicant or registrant filing the form to provide certain information concerning the nature of its business and the background of its principals, controlling persons, and employees. Form BD is designed to permit

regulators to determine whether the applicant meets the statutory requirements to engage in the securities business.

The Commission last amended Form BD on July 2, 1999 to support electronic filing in the Internet-based Central Registration Depository ("CRD") system.²⁴ Since the July 1999 amendments, the President signed both the Gramm-Leach-Bliley Act of 1999²⁵ and the Commodity Futures Modernization Act of 2000 ("CFMA")²⁶ into law. On August 21, 2001, the Commission implemented Section 203 of the CFMA, which provides for expedited notice registration for intermediaries trading security futures products.²⁷ Specifically, the Commission adopted Form BD-N and related rules to permit futures commission merchants and introducing brokers that are both registered with the Commodity Futures Trading Commission and members of the National Futures Association to register by notice with the Commission as broker-dealers for the limited purpose of trading security futures products (*i.e.*, futures on individual securities and narrow-based security indexes).

These developments may indicate the need for possible further amendments to Form BD. Other amendments to the form may also be considered, including (1) requiring owners of non-voting stock to disclose their identity; (2) requiring the disclosure of unregistered satellite offices and expanding the disclosure requirements; and (3) requiring the disclosure of the Commission number of a registered entity if the entity does not have a CRD number.

E. Regulatory Regime for Certain Brokers

A task force of the American Bar Association's Small Business Committee is exploring ways to develop a streamlined regulatory regime for persons who are classified as brokers because they earn transaction-based compensation to facilitate capital raising securities transactions, but who do not provide the secondary market services or other services that traditional broker-dealers provide to investors. The Commission's staff, as well as NASD and NASAA personnel, have held several discussions with the task force and its representatives. Moreover, the

Government-Business Forum on Small Business Capital Formation, sponsored by the Commission, has discussed similar issues.

Many of these discussions have focused on the speed of the current registration process, and on whether it would be possible to accelerate the process for those persons. Other issues that have been raised include questions about what substantive regulations should apply to these brokers.

The Commission's staff believes that further discussion by representatives of the Commission, the NASD and state securities regulators would be helpful in defining the scope of any problems that exist, and in finding ways to improve the regulatory regime for these brokers.

F. Examination Issues

State and federal regulators also will discuss various examination-related issues of mutual interest, including: examination priorities, summits and examination coordination, branch office examinations, complaint trends, and anti-money laundering compliance.

(3) Investment Management Issues

A. Electronic Filing and the Investment Adviser Registration Depository ("IARD")

Investment advisers registered with the Commission completed their transition to electronic filing on IARD between January 1 and April 30, 2001 using amended Form ADV.²⁸ New advisers applying for registration with the Commission after January 1, 2001 also filed electronically through IARD since paper filings are no longer accepted. State registered advisers began switching to the electronic filing process on IARD during 2001. Conferees will review and discuss the performance of IARD during its initial year of operation. The transition of investment adviser representatives to electronic filing in 2002 will be discussed. Conferees also will discuss issues related to the future use and development of IARD.

B. Division of Regulatory Authority

NSMIA divided regulatory responsibility for investment advisers between the Commission and state securities regulators. Advisers generally register with the Commission if they have assets under management of \$25 million or more, or if they advise registered investment companies. Advisers with less than \$25 million in assets under management generally must register with the appropriate state securities authorities. Approximately 7,500 advisers currently are registered

²⁴ Release No. 34-41594 (July 2, 1999) [64 FR 37586].

²⁵ Pub. L. 106-102, 113 Stat. 1338 (November 12, 1999).

²⁶ Pub. L. 106-554, 114 Stat. 2763 (December 21, 2000).

²⁷ Release No. 34-44730 (Aug. 21, 2001) [66 FR 45137].

²⁸ 17 CFR 279.1.

²² SR-NASD-2002-04.

²³ 17 CFR 249.501.

with the Commission. The conferees will discuss their experiences with implementing the provisions of NSMIA. Jurisdictional issues related to increased use of the Internet by advisers also will be discussed. Conferees also will discuss ways to work together to help advisers understand and comply with their regulatory responsibilities.

C. Current Issues and Rulemaking Initiatives

Conferees will discuss a number of rulemaking initiatives under the Investment Advisers Act of 1940²⁹ and state securities laws that respond to changes in advisory business practices and developments in local, national and global financial markets. Conferees will discuss regulatory developments related to the implementation of privacy requirements for advisers and an adviser's duties to its clients. Conferees also will discuss adviser continuing education needs in light of the expanding financial responsibilities of advisers and dynamic business trends. Ways to enhance the understanding advisers have of their regulatory responsibilities also will be reviewed and discussed.

(4) Investor Education and Assistance Issues

The Commission and NASAA currently pursue a number of programs to educate investors on how to invest wisely and to protect themselves from fraud and abuse. The states and NASAA have a long-standing commitment to investor education, and the Commission intends to complement those efforts to the greatest extent possible. Participants will discuss the following investor education initiatives and potential joint projects:

A. Facts on Saving and Investing Campaign

In the spring of 1998, the Commission and NASAA in conjunction with the Council of Securities Regulators of the Americas ("CSA") launched the "Facts on Saving and Investing Campaign." Led primarily by securities regulators, the campaign is an ongoing, grassroots effort to educate individuals about saving, investing, and avoiding financial fraud. Participants will discuss this year's campaign, including the Canadian Securities Administrators' heightened involvement and future campaign initiatives. The participants also will discuss other initiatives for international investor education.

B. Investor Summit

The Commission's staff will update NASAA on current plans for the first Investor Summit to be held by the Commission in late spring 2002. The summit aims to give investors nationwide an opportunity to weigh in on the broad policy issues that affect them, including ways to improve corporate disclosure.

C. Financial Literacy 2010

In the spring of 1998, NASAA, the NASD, and the Investor Protection Trust ("IPT") joined forces to launch "Financial Literacy 2001," an unprecedented campaign targeting 25,000 high school teachers across the United States of America. Recently renamed "Financial Literacy 2010" to reflect the ongoing commitment to offer the financial education program to teachers, the program aims to encourage—and make it easier for—teachers in every state to teach the basics on saving and investing. Working together, NASAA, the NASD, and the IPT have developed and updated a state-by-state customized classroom guide and have provided aggressive distribution and teacher training. Representatives from the states will brief the Commission's staff on the updated program that contains components of economics, the progress of the program, and its dissemination to economics teachers.

D. Online Investor Protection

NASAA will discuss ongoing state initiatives to enhance investor protection online, including the status of the Investing Online Resource Center. Similarly, the Commission's staff will discuss its continuing efforts to educate investors on how to use the Internet to invest wisely. The Commission's staff will also update the status of the Commission's initiative to launch fake scam sites on the Internet that warn investors about "get-rich-quick" schemes.

E. New Programs on Investor Education

Participants will discuss ideas for new investor education programs, including joint NASAA and Commission initiatives.

F. Investor Education Resources

Participants will view the CSA's segment on young investors produced for a national television show, and view the Ontario Securities Commission's Web site created for youth that includes games, quizzes, screen savers, and videos. Participants will also further discuss the most efficient and effective ways to provide educational resources

to individuals at both a national and a grassroots level.

(5) Enforcement Issues

In addition to the above topics, state and federal regulators will discuss various enforcement-related issues of mutual interest.

(6) General

There are a number of matters that are applicable to all, or a number, of the areas noted above. These include EDGAR (the Commission's electronic disclosure system), rulemaking procedures, training and education of staff examiners and analysts and information sharing. In addition, a committee of the National Conference of Commissioners on Uniform State Laws is in the process of drafting a new version of the Uniform Securities Act. The Uniform Securities Act is a model uniform state securities law statute. Two versions are currently in force—the Uniform Securities Act of 1956 and the Revised Uniform Securities Act of 1985. The new version will modernize and update the law for many changes including, for example, NSMIA, technology advances, and internationalization of securities trading.

The Commission and NASAA request specific public comments and recommendations on the above-mentioned topics. Commenters should focus on the agenda but may also discuss or comment on other proposals which would enhance uniformity in the existing scheme of state and federal regulation, while helping to maintain high standards of investor protection.

By the Commission.

Dated: March 20, 2002.

Margaret H. McFarland,

Deputy Secretary.

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²⁹ 15 U.S.C. 80b-1 *et seq.*