

to protect investors and the public interest.⁷

After careful review, the Commission finds that the Board's proposed rule change consisting of the creation of Rule G-40, on Electronic Mail Contacts, and amendments to Rule G-8, on Books and Records to be Made by Brokers, Dealers and Municipal Securities Dealers, and Rule G-9, on Preservation of Records, meets the requisite statutory standard. The Commission believes that this proposed rule change is consistent with the requirements of the Act, and the rules and regulations thereunder. In addition, the Commission finds that the proposed rule is consistent with the requirements of section 15B(b)(2)(C) of the Act, as set forth above.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁸ that the proposed rule change (File No. MSRB-2002-05) be and hereby is, approved.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46046; File No. SR-NYSE-2002-16]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Regarding an Interpretation to NYSE Rule 345 ("Employees-Registration, Approval, Records") and Registered Persons Who Volunteer or Are Called Into Active Military Duty, and Deletion of a Provision Regarding Verbal Transfer Approvals

June 6, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 5, 2002, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange.

The Exchange filed the proposal pursuant to section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on 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 an interpretation to NYSE Rule 345 ("Employees-Registration, Approval, Records") to provide relief from the Rule's registration requirements, annual registration maintenance fees, compensation prohibitions, and continuing education requirements as prescribed by NYSE Rule 345A, for registered persons who volunteer or are called into active military duty. Further, and as a separate matter, the NYSE proposes to delete Interpretation /01 to NYSE Rule 345(a)(i) of the NYSE Interpretation Handbook, which provides for verbal transfer approvals for registered persons, as such approvals are administered through the National Association of Securities Dealers, Inc.'s ("NASD") Web-based Central Registration Depository ("CRD") system. The text of the proposed rule change is below. Proposed additions are in italics; proposed deletions are in brackets.

NYSE Interpretation Handbook

Rule 345 Employees—Registration, Approval, Records

(a) Registration.
/01 Exceptions.
No change.
/02 "Independent Contractors."
No change.
/03 *Registered Persons Who Volunteer or Are Called to Active Military Duty* The Exchange will grant specific relief to registered employees of members or member organizations who volunteer or are called into active military duty. Such registered employees will be placed in a specifically designated "inactive" status upon notification to the Exchange of their volunteering or military call-up. However, such employees will remain registered with the Exchange, and, therefore are eligible to receive transaction-based compensation. Since such employees are "inactive," they may not perform any of the duties

performed by a registered representative. However, his or her member or member organization may make arrangements with another registered representative of the member or member organization to have the accounts of such registered person serviced and to provide for a sharing of the commissions such accounts generate.

Further, members and member organizations shall be waived from remitting to the Exchange the annual maintenance fees for such registered employees as prescribed in Rule 345.14.

Such registered employees who volunteer or are called into active military duty shall receive a deferment from the Regulatory Element and Firm Element of the Continuing Education Program as prescribed in Exchange Rule 345A. Continuing Education requirements will be reinstated upon the registered person's return from active military duty.

Dual members or member organizations of the NYSE and NASD should notify the NASD of their registered employees who volunteer or are called into active military duty by mailing or faxing to the CRD/Public Disclosure Department of the NASD a letter (on firm letterhead) identifying the name and CRD number of the registered person called into active duty, the name and CRD number of the firm, or firms, with whom such person is associated, and a copy of the official call-up notification.

NYSE-only members or member organizations should notify the Exchange of their registered employees who volunteer or are called into active duty by mailing or faxing to the Exchange's Qualifications and Registrations Department, a letter (on firm letterhead) identifying the name and CRD number of person(s) who volunteer or are called into active duty, the name and CRD number of the firm, or firms, with whom such person is associated, and a copy of the official call-up notification.

* * * * *

NYSE Interpretation Handbook

Rule 345 Employees—Registration, Approval, Records

(a)(i) Transfer of registered representatives

/01 Verbal Transfer Approvals
Members and member organizations requesting verbal transfer approval for registered representatives of dual NYSE/NASD member organizations must contact the Central Registration Depository ("CRD") and request such approval through the Temporary Agent

⁷ 15 U.S.C. 78o-4(b)(2)(C).

⁸ 15 U.S.C. 78o-4(b)(2)(C).

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6). The NYSE provided the Commission with written notice of its intention to file this proposed rule change on April 25, 2002. The Exchange has asked the Commission to waive the 30-day operative delay.

Transfer program (TAT). Applicants and member organizations that meet the established criteria of the TAT program will be granted NYSE temporary approval through the CRD in accordance with that criteria.

Requests for verbal transfer approvals for registered representatives of NYSE-only members and member organizations should be made directly to the Exchange.]

[/02]/01 Compensation to Non-Registered Persons.

No change.

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

In its filing with the Commission, the NYSE included statements concerning the purpose of and basis for its proposal and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth 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

As a result of the tragic events of September 11, 2001, some employees of members and member organizations have volunteered or have been, or may in the future be, called into active military duty.

The Exchange is working with other self-regulatory organizations to establish a uniform policy that will provide specific relief to such registered persons, as follows:

- Continued registration with placement into a special inactive status;
- Continued eligibility for receipt of commission income;
- Deferment of continuing education requirements; and
- Waiver of annual registration maintenance fees.

By way of background, NYSE Rule 345 provides, in part, that no members or member organizations shall permit any natural person to perform regularly the duties performed by a registered representative, unless such person shall have been registered with, qualified by, and acceptable to the Exchange. As proposed, the Exchange will grant specific relief as described above to registered employees of members or member organizations who volunteer or

are called into active military duty. Such registered employees will be placed in a specifically designated "inactive" status upon notification to the Exchange of their volunteering or military call-up. However, such employees will remain registered with the Exchange, and, therefore, be eligible to receive transaction-based compensation. Since such employees are "inactive," they may not perform any of the duties performed by a registered representative. However, a member or member organization may permit arrangements with another registered representative of the member or member organization to have the accounts of such registered person serviced and to provide for a sharing of the commissions such accounts generate.

Further, members and member organizations shall be waived from paying the annual maintenance fees for such registered employees as prescribed in NYSE Rule 345.14. The NYSE's annual registration maintenance fee is \$52 per registered person.

Dual members or member organizations of the NYSE and NASD should notify the NASD of their registered employees being called into active military duty by mailing or faxing to the CRD/Public Disclosure Department of the NASD, a letter (on firm letterhead) identifying the name and CRD number of the person(s) who volunteer or are called into active duty, the name and CRD number of the firm, or firms, with whom such person is associated, and a copy of the official call-up notification.

NYSE-only members or member organizations shall notify the Exchange of their registered employees who volunteer or are called into active duty by mailing or faxing to the Exchange's Qualifications and Registration Department, a letter (on firm letterhead) identifying the name and CRD number of the registered person(s) who volunteer or are called into active duty, the name and CRD number of the firm, or firms, with whom such person is associated, and a copy of the official call-up notification.

NYSE Rule 345A provides, in part, that no member or member organization shall permit any registered person to continue to, and no registered person shall continue to, perform duties as a registered person, unless such person has complied with the Regulatory Element of the Continuing Education requirements of this Rule. As proposed, such registered employees who volunteer or are called into active military duty shall receive a deferment from the Regulatory Element and Firm

Element of the Continuing Education requirement provided their member or member organization has notified the Exchange of their volunteering or military call up in the manner prescribed above. Continuing Education requirements will be reinstated upon the registered person's return from active military duty.

Web Based CRD Approval of Transfers. In June 1999, the Commission approved the NASD's planned implementation of a Web-based CRD,⁵ along with revisions to Forms U-4 and U-5.⁶ The CRD is an industry-wide automated system, which provides efficient and expeditious review and tracking of registered persons in the securities industry, and changes in employment and disciplinary histories.

In proposing implementation of this Web-based CRD, the NASD intended to modernize and streamline the registration process of individuals employed in the securities industry.

In connection with the proposal, the Forms U-4 and U-5 were amended so that they could be submitted electronically through the Web-based CRD. As a result, individuals seeking registration were required to fill out and submit an electronic Form U-4. In addition, when an associated person terminates his association with a broker-dealer, the broker-dealer would be required to complete and submit an electronic Form U-5. Accordingly, the NASD no longer processes paper-based submission of such forms. In August 1999, the Exchange filed SR-NYSE-99-37 with the Commission, seeking approval for the use of amended Forms U-4 and U-5, to be used in connection with the Web-based CRD. Its intended purpose was to assist the Exchange in its registration and oversight functions by providing more detailed reporting concerning persons associated with members and member organizations, and to permit non-NASD members and member organizations of the Exchange to file the forms electronically. The Commission approved the filing in October 1999.⁷ As a result, verbal transfer approvals for registered persons are no longer administered in such a manner. Therefore, the Exchange

⁵ See Securities Exchange Act Release No. 41560 (June 25, 1999), 64 FR 36059 (July 2, 1999) (SR-NASD-98-96).

⁶ Form U-4 is the "Uniform Application for Securities Industry Registration or Transfer." Form U-5 is the "Uniform Termination Notice of Securities Industry Registration."

⁷ Securities Exchange Act Release No. 41984 (October 6, 1999), 64 FR 56005 (October 15, 1999) (SR-NYSE-99-37).

proposes to delete the interpretation relating to verbal transfer approvals.

2. Statutory Basis

The Exchange believes that the proposed rule is consistent with the provisions of section 6(b)(4) of the Act,⁸ in that it provides for the equitable allocation of reasonable dues, fees and other charges among members, issuers and other persons using its services. In addition, the Exchange believes that the proposed rule is consistent with the provisions of section 6(b)(5) of the Act,⁹ which require the rules of an exchange to foster cooperation and coordination with persons engaged in regulating securities transactions.

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

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

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

The proposed rule change has become effective pursuant to section 19(b)(3)(A) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4¹¹ thereunder. At any time within 60 days of the filing of the 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.

The Exchange has requested that the Commission accelerate the operative date. The Commission finds good cause to designate the proposal both effective and operative upon filing with the Commission because such designation is consistent with the protection of investors and the public interest. Acceleration of the operative date will ensure that the benefits of the interpretation to NYSE Rule 345 and the deletion of the provision regarding verbal transfer approvals are not

needlessly delayed. For these reasons, the Commission finds good cause to designate that the proposal is both effective and operative upon filing with the Commission.¹²

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposal 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. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to file number SR-NYSE-2002-16 and should be submitted by July 5, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Federal and State Technology Partnership Program To Provide Outreach and Technical Assistance to Small Technology-Based Businesses Interested in Becoming Involved or Presently Involved in Federal R&D Programs

AGENCY: U.S. Small Business Administration.

ACTION: Program Announcement No. FAST-02-R-0002.

SUMMARY: The U.S. Small Business Administration (SBA) plans to issue Program Announcement No. FAST-02-0002 to invite applicants from the 50

¹² For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹³ 17 CFR 200.30-3(a)(12).

states, the District of Columbia, American Samoa, Guam, Virgin Islands and the Commonwealth of Puerto Rico to conduct outreach and provide technical assistance services to technology-based small business owners. This program is authorized by Public Law 106-554 §§ 111 & 112 codified at 15 U.S.C. 631 *et seq.* There is a one proposal per state limitation on this competition. Only one proposal from each state may be submitted to SBA for consideration, and this application must have an original signed Letter of Endorsement from the State Governor (Mayor for the District of Columbia). Prospective recipients of SBA funding under this Program Announcement include both new applicants and current FAST Program service providers. Eligible applicants include, but are not limited to, state and local Economic Development Agencies, colleges and universities and Small Businesses Development Centers. Funds will be provided to conduct programs for a 12-month budget and performance period. Applications/proposals must be postmarked by 4 p.m., Eastern Daylight Time, July 25, 2002. If using a delivery service other than the U.S. Postal Service, the application must be delivered and accepted by the Office of Procurement and Grants Management or mailroom staff by the deadline specified above. SBA will select successful applicants using a competitive process. Applications will be reviewed and awarded simultaneously for new and incumbent applicants under this Announcement. Applicants must plan to target women and minority small businesses as well as those small businesses not traditionally involved in the SBIR/STTR programs. Applicants' technical proposal must contain information about its current status and past performance (incumbent applicant's only), and a plan describing how the effort will be sustained once the grant expires. The FAST Program is authorized through Fiscal Year 2005 and will be competed annually, subject to availability of funds. There is a cascading non-Federal match requirement for this program. The non-Federal match requirement ratios are based on state rankings derived from FY 2000 Phase I SBIR awards. These ratios are 1:1, 2:1 and 3:4. The program announcement will be available at <http://www.sba.gov/sbir>.

DATES: The application period will be from June 10, 2002 until July 25, 2002.

⁸ 15 U.S.C. 78f(b)(4).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).