

Room 10102, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: July 17, 2002.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. PA-32; File No. S7-27-02]

Privacy Act of 1974; Amended System of Records for Enforcement Files

AGENCY: Securities and Exchange Commission.

ACTION: Notice of amended system of records.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the Securities and Exchange Commission gives notice of the amendment of its system of records for Enforcement Files (SEC-42) to clarify its routine uses with respect to disclosures related to the collection of amounts ordered to be paid in civil and administrative proceedings, to incorporate a statement regarding disclosure to consumer credit reporting agencies, to update statutory and regulatory references in certain routine uses, to update addresses of system administrators, and to identify exemptions from disclosure that have been claimed for this system of records under the Privacy Act.

DATES: Comments must be received by August 23, 2002. The amendments will take effect September 2, 2002 unless the Commission receives comments that would require a different determination.

ADDRESSES: Please send three copies of your comments to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. You may also send your comments electronically to the following electronic address: rule-comments@sec.gov. All comments should refer to File No. S-27-02 and, if sent electronically, should include this file number on the subject line. Comment letters will be available for public inspection and copying at our Public Reference Room, 450 Fifth Street, NW, Washington, DC 20549. If sent electronically, comment letters will also

be available on our Web site <http://www.sec.gov>.

FOR FURTHER INFORMATION CONTACT:

Kenneth H. Hall, Assistant Chief Counsel, Division of Enforcement, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0809, (202) 942-4635.

SUPPLEMENTARY INFORMATION: The Commission has amended its system of records for the files maintained by the Division of Enforcement. The information in the system is obtained and used for purposes of the Commission's investigations and actions to enforce the federal securities laws. The information in the system is used in conjunction with the collection of amounts ordered to be paid in enforcement actions, a function that is a necessary component of litigation. However, the Debt Collection Act, as amended by the Debt Collection Improvement Act of 1996, requires agencies to publish a notice identifying each system of records from which information may be disclosed to consumer credit reporting agencies (*i.e.*, consumer credit bureaus). The Office of Management and Budget has indicated that this notice should take the form of an insert to existing systems of records. See OMB, *Privacy Act of 1974; Guidelines on the Relationship of the Debt Collection Act of 1982 to the Privacy Act of 1974*, 48 FR 15556, 15558 (April 11, 1983). The Commission has thus incorporated a statement regarding consumer credit reporting into the system of records for Enforcement Files.

The Commission has also revised the routine uses for Enforcement Files to clarify that disclosure may be made in connection with certain debt collection procedures that are mandatory for federal agencies. A routine use has thus been adopted which specifically states that disclosure may be made when the Commission seeks to collect by offset, *i.e.*, the withholding of amounts otherwise payable by the government to a debtor. *Administrative offset*, authorized by the Debt Collection Act, 31 U.S.C. 3716, is the most general form of such withholding, and applies to most amounts that may be payable to a debtor. *Tax refund offset*, authorized by 31 U.S.C. 3720A, authorizes the withholding of federal income tax refunds to satisfy a debt owed to the government. *Salary offset*, authorized by 5 U.S.C. 5514, authorizes the withholding of a portion of the wages due to a federal employee. The routine use also indicates that disclosure may be made in connection with *administrative wage garnishment*, a procedure by which the Commission

may direct a non-federal employer to withhold a portion of an employee's wages to satisfy a debt owed to the government. In addition, notice is given that disclosure may be made to other persons, including other federal agencies and private collection agents, who assist in the collection of amounts owed as a result of enforcement actions.

The Commission has adopted technical amendments to other routine uses. Four of the existing routine uses (those numbered 11, 12, 15 and 17) refer to the definition of "federal securities laws" which has been moved from Section 21(g) of the Exchange Act to Section 3(a)(47); this reference has been updated. Two of the routine uses (those numbered 7 and 12) contain incorrect references to the re-codified Rules of Practice, and those references have been updated.

The Commission has updated the addresses of the following system administrators: the Commission's Records Officer; the Regional Directors for the Northeast Regional Office, the Southeast Regional Office, the Central Regional Office, the Pacific Regional Office and the Midwest Regional Office; and the District Administrators for the Philadelphia District Office, the Fort Worth District Office, and the Salt Lake District Office.

The Commission has also added a statement identifying the exemptions that have been claimed for this system of records. The Privacy Act includes provisions that generally require an agency to: notify an individual, upon request, of the existence of information contained in a record pertaining to the individual; permit access to such record and permit amendment or correction of such record; make available to an individual an accounting of disclosures to third-parties; publish the sources of information in the system; and screen records to ensure that only such information is maintained about the individual as is necessary and relevant to a required purpose of the Commission. See 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (H), (I), and (f). The Privacy Act permits an agency, by rule, to claim exemption from these provisions for any system containing "investigatory material compiled for law enforcement purposes" if disclosure would interfere with the conduct of investigations. 5 U.S.C. 552a(k)(2). The Commission has claimed exemptions from these provisions for its Enforcement Files system of records. 17 CFR 200.312(a)(1).

Accordingly, SEC-42 is amended to read as follows:

SEC-42

SYSTEM NAME:

Enforcement Files.

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ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

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7. In connection with proceedings by the Commission pursuant to Rule 102(e) of its Rules of Practice, 17 CFR 201.102(e).

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11. In connection with their regulatory and enforcement responsibilities mandated by the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), or state or foreign laws regulating securities or other related matters, records may be disclosed to national securities associations that are registered with the Commission, the Municipal Securities Rulemaking Board, the Securities Investor Protection Corporation, the federal banking authorities, including but not limited to, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, state securities regulatory or law enforcement agencies or organizations, or regulatory law enforcement agencies of a foreign government, or foreign securities authority.

12. To any trustee, receiver, master, special counsel, or other individual or entity that is appointed by a court of competent jurisdiction or as a result of an agreement between the parties in connection with litigation or administrative proceedings involving allegations of violations of the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)) or the Commission's Rules of Practice, 17 CFR 201.100-900, or otherwise, where such trustee, receiver, master, special counsel or other individual or entity is specifically designated to perform particular functions with respect to, or as a result of, the pending action or proceeding or in connection with the administration and enforcement by the Commission of the federal securities laws or the Commission's Rules of Practice.

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15. Inclusion in reports published by the Commission pursuant to authority granted in the federal securities laws (as defined in Section 3(a)(47) of the

Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)).

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17. To any person who is or has agreed to be subject to the Commission's Rules of Conduct, 17 CFR 200.735-1 to 735-18, and who assists in the investigation by the Commission of possible violations of the federal securities laws (as defined in Section 3(a)(47) of the Securities Exchange Act of 1934, 15 U.S.C. 78c(a)(47)), in the preparation or conduct of enforcement actions brought by the Commission for such violations, or otherwise in connection with the Commission's enforcement or regulatory functions under the federal securities laws.

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23. To any governmental agency, governmental or private collection agent, consumer reporting agency or commercial reporting agency, governmental or private employer of a debtor, or any other person, for collection, including collection by administrative offset, federal salary offset, tax refund offset, or administrative wage garnishment, of amounts owed as a result of Commission civil or administrative proceedings.

DISCLOSURE TO CONSUMER REPORTING AGENCIES

When the Commission seeks to collect a debt arising from a civil action or administrative proceeding, it may disclose the following information to a consumer reporting agency: (i) Information necessary to establish the identity of the debtor, including name, address and taxpayer identification number or social security number; (ii) the amount, status, and history of the debt; and (iii) the fact that the debt arose from a Commission action or proceeding to enforce the federal securities laws.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING AND DISPOSING OF RECORDS IN THE SYSTEM:

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SYSTEMS MANAGERS AND ADDRESSES:

Director, Division of Enforcement, Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549-0801; Records Officer, Securities and Exchange Commission, 6441-D General Green Way, Alexandria, VA 22312; Regional Director, Northeast Regional Office, 233 Broadway, New York, NY 10279; District Administrator, Boston District Office, 73 Tremont Street, Suite 600, Boston, MA 02108-3912; District Administrator, Philadelphia District Office, The Curtis Center, 601 Walnut Street, Suite 1120

E., Philadelphia, PA 19106-3322; Regional Director, Southeast Regional Office, 801 Brickell Avenue, Suite 1800, Miami, Florida 33131; District Administrator, Atlanta District Office, 3475 Lenox Road, N.E., Suite 1000, Atlanta, GA, 30326-1232; Regional Director, Midwest Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, IL 60604; Regional Director, Central Regional Office, 1801 California Street, Suite 1500, Denver, CO 80202-2648; District Administrator, Fort Worth District Office, 801 Cherry Street, Unit #18, Fort Worth, TX 76102-6882; District Administrator, Salt Lake District Office, 50 South Main Street, Suite 500, Salt Lake City, UT 84144-0402; Regional Director, Pacific Regional Office, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036-3648; and District Administrator, San Francisco District Office, 44 Montgomery Street, Suite 1100, San Francisco, CA 94104.

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EXEMPTIONS CLAIMED FOR THE SYSTEM:

Under 5 U.S.C. 552a(k)(2), this system of records is exempted from the following provisions of the Privacy Act, 5 U.S.C. 552a: (c)(3), (d), (e)(1), (e)(4)(G), (H), and (I), and (f). These exemptions are contained in 17 CFR 200.312(a)(1).

By the Commission.

Dated: July 18, 2002.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46219; File No. SR-CHX-2002-14]

Self Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change To Delete Rule Provisions Relating to the Trading of Options

July 17, 2002.

On April 26, 2002, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to delete provisions governing or relating to the trading of options on the CHX. Under the proposed rule change, CHX would delete certain provisions of its rules that govern or make reference

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.