

NSCC believes that the proposed rule filing is consistent with section 17A of the Act because it will permit NSCC to have adequate liquidity resources to assure the safeguarding of funds securities for which it is responsible.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

NSCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. NSCC will notify the Commission of any written comments it receives.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety 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 self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change or

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

**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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such

filing also will be available for inspection and copying at the principal office of the NSCC. All submissions should refer to File No. SR-NSCC-2002-05 and should be submitted by September 17, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-21776 Filed 8-26-02; 8:45 am]

BILLING CODE 8010-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-46382; File No. SR-PCX-2002-41]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 by the Pacific Exchange, Inc. To Amend the Original Listing Criteria for Underlying Securities in PCX Rule 3.6**

August 20, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on July 25, 2002, the Pacific Stock Exchange, Inc. ("PCX" 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. On August 6, 2002, the Exchange filed an amendment to the proposed rule change.<sup>3</sup> As amended, the proposed rule change is effective upon filing with the Commission, pursuant to Section 19(b)(3)(A) of the Act,<sup>4</sup> and Rule 19b-4(f)(6) thereunder.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange proposes to amend PCX Rule 3.6 in order to provide alternative original listing criteria for individual

equity options that, but for the requirement that the underlying security be at least \$7.50, meet the criteria for listings in PCX Rule 3.6.

The text of the proposed rule change appears below. New text is in italics; deletions are in brackets.

\* \* \* \* \*

**Rule 3.6. OPTIONS**

Rule 3.6. The underlying securities of option contracts traded on the Exchange shall be approved for Exchange transactions by the Board of Governors following the recommendation of the Options Listing Committee. In approving underlying securities, both the Options Listing Committee and the Board shall give due regard to, and the Board shall promulgate guidelines relative to, the following factors:

(a) Underlying securities approved for Exchange transactions shall have, in the absence of exceptional circumstances, the following characteristics:

(1) A minimum of 7,000,000 shares shall be owned by persons other than those required to report their stock holdings under Section 16(a) of the Securities Exchange Act of 1934;

(2) A minimum of 2,000 shareholders;

(3) Trading volume (in all markets which the stock is traded) of at least 2,400,000 shares in the preceding twelve months;

(4) *Either (i) the [The] market price per share of the underlying security will [shall] have been at least \$7.50 for the majority of business days during the three calendar months preceding the date of selection, as measured by the lowest closing price reported<sup>6</sup> in any market in which the underlying security traded on each of the subject days; or (ii)(a) the underlying security meets the guidelines for continued listing in Rule 3.7; (b) options on such underlying security are traded on at least one other registered national securities exchange; and (c) the average daily trading volume for such options over the last three (3) calendar months preceding the date of selection has been at least 5,000 contracts; and*

(5) The issuer is in compliance with any applicable requirements of the Securities Exchange Act of 1934.

\* \* \* \* \*

**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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed

<sup>5</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See letter from Mai S. Shriver, Senior Attorney, Regulatory Policy, PCX, to Florence Harmon, Senior Special Counsel, Division of Market Regulation, Commission, faxed August 6, 2002 ("Amendment No. 1"). Amendment No. 1 corrects a typographical error in the rule text by replacing the word "recorded" with the word "reported."

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

<sup>6</sup> See Amendment No. 1, *supra* note 3.

any comments it received on the proposed rule change. 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

PCX Rule 3.6 sets forth the criteria that an underlying individual equity security must meet before the Exchange may initially list options on that security. Specifically, PCX Rule 3.6(a)(4) provides that the market price per share of the underlying security must have been at least \$7.50 for the majority of business days during the three calendar months preceding the date of selection for listing. The Exchange's other initial listings guidelines provide that: (1) The underlying security consists of a large number of outstanding shares held by non-affiliates of the issuer; (2) the underlying security is actively-traded; (3) there are a large number of holders of the underlying security; and (4) the underlying security continues to be listed on a national securities exchange or traded through the facilities of a national securities association.

Although these criteria are generally uniform among the options exchanges, the Commission has recently approved proposed rule changes submitted by the International Securities Exchange LLC ("ISE") and the American Stock Exchange ("Amex") that eliminate a requirement that the market price per share of an underlying security be at least \$7.50 when such options are otherwise listed and traded on another options exchange and have an average daily trading volume ("ADTV") over the last three (3) calendar months of at least 5,000 contracts.<sup>7</sup> Therefore, so long as options meet the maintenance requirement on exchanges that already trade them, the ISE and Amex may list new options for trading those options despite the fact that the underlying security no longer meets the initial listing requirements.<sup>8</sup>

<sup>7</sup> See Securities Exchange Act Release No. 45220 (December 31, 2002), 67 FR 760 (January 7, 2002) (SR-ISE-2001-33); Securities Exchange Act Release No. 45505 (March 5, 2002), 67 FR 10941 (March 11, 2002) (SR-Amex-2002-13).

<sup>8</sup> The Exchange's maintenance requirements are less stringent. In particular, additional series may be added pursuant to PCX Rule 3.7, Commentary .02, if the underlying security is at least \$3 in the primary market. The Exchange states that this less stringent maintenance standard is permitted, in

Consistent with the rules of the ISE and Amex, the Exchange proposes an alternative original listing requirement applicable to the underlying security's price during the three calendar months preceding an options listing. Specifically, the Exchange proposes to amend its rules to provide that, for underlying securities that satisfy all of the initial listing requirements of Rule 3.6, other than the \$7.50 per share price requirement, the Exchange would be permitted to list options on the securities so long as: (1) The underlying security meets the guidelines for continued approval contained in PCX Rule 3.7; (2) options on such underlying security are traded on at least one other registered national securities exchange; and (3) the ADTV for such options over the last three calendar months preceding the date of selection has been at least 5,000 contracts.

The Exchange believes that this proposal is narrowly drafted to address the circumstances where an actively-traded option issue is currently ineligible for listing on the PCX while at the same time, it is trading on another options exchange. The Exchange also believes the proposed alternative original listing criteria's limitation to cover only those options that are actively traded (*i.e.*, options with an ADTV of at least 5,000 contracts over the last three calendar months) should allay any concerns regarding the listing of options that may be inappropriate. Because these options are actively traded in other markets, the Exchange believes that there would be no investor protection concerns with listing such options on the Exchange and that listing these options on the Exchange would enhance competition and benefit investors.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirement of Section 6(b) of the Act<sup>9</sup> in general and furthers the objectives of Section 6(b)(5) of the Act<sup>10</sup> in particular, in that the Exchange has rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

part, because the Exchange's other guidelines assure that options would be listed and traded on securities of companies that are financially sound and subject to adequate minimum standards.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

*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*

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and paragraph (f)(6) of Rule 19b-4<sup>12</sup> thereunder because it does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate; and the Exchange has given the Commission written notice of its intention to file the proposed rule change at least five business days prior to filing. At any time within 60 days of the filing of such 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 Commission notes that under Rule 19b-4(f)(6)(iii), the proposal does not become operative for 30 days after the date of its filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative date. The Exchange contends that acceleration of the operative date is consistent with the protection of investors and the public interest because the language of this proposed rule is substantially similar to rule language that was put out for notice and comment when ISE and the Amex submitted their proposed rule changes. For this reason, consistent with Section 19(b)(2) of the Act,<sup>13</sup> the Commission designates the proposal to be effective

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 15 U.S.C. 78s(b)(2).

and operative upon filing with the Commission.<sup>14</sup>

#### 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.

Copies of such filing will also be available for inspection and copying at the principal office of PCX. All submissions should refer to File No. SR-PCX-2002-41 and should be submitted by September 17, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>15</sup>

**Margaret H McFarland,**

*Deputy Secretary.*

[FR Doc. 02-21773 Filed 8-26-02; 8:45 am]

BILLING CODE 8010-01-P

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## DEPARTMENT OF STATE

### Bureau of Intelligence and Research

[Public Notice 4083]

#### Advisory Committee for the Study of Eastern Europe and the Independent States of the Former Soviet Union; Notice of Committee Renewal

##### I. Renewal of Advisory Committee

The Department of State has renewed the Charter of the Advisory Committee for the Study of Eastern Europe and the Independent States of the Former Soviet Union. This advisory committee makes recommendations to the Secretary of State on funding for applications submitted for the Research and Training

Program on Eastern Europe and the Independent States of the Former Soviet Union (Title VIII). These applications are submitted in response to an annual, open competition among U.S. national organizations with interest and expertise administering research and training programs in the Russian, Eurasian, and Central and East European fields. The program seeks to build and sustain U.S. expertise on these regions through support for advanced graduate training, language training, and postdoctoral research.

The committee includes representatives of the Secretaries of Defense and Education, the Librarian of Congress, and the Presidents of the American Association for the Advancement of Slavic Studies and the Association of American Universities. The Assistant Secretary for Intelligence and Research chairs the advisory committee for the Secretary of State. The committee meets at least annually to recommend grant policies and recipients.

For further information, please call Susan Nelson, INR/RES, U.S. Department of State, (202) 736-4610.

Dated: August 21, 2002.

**Kenneth E. Roberts,**

*Executive Director, Advisory Committee for Study of Eastern Europe and the Independent States of the Former Soviet Union, Department of State.*

[FR Doc. 02-21769 Filed 8-26-02; 8:45 am]

BILLING CODE 4710-32-P

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## DEPARTMENT OF STATE

[Public Notice 4084]

#### FY 2002 Funding under the Research and Training for Eastern Europe and The Independent States of the Former Soviet Union Act of 1983 (Title VIII)

Deputy Secretary of State Richard L. Armitage approved on May 22, 2002, the FY 2002 funding recommendations of the Advisory Committee for the Study of Eastern Europe and the Independent States of the Former Soviet Union. The Title VIII program, administered by the U.S. Department of State, seeks to build expertise on the countries of Eurasia and Central and East Europe through support to national organizations in the U.S. for advanced research, language and graduate training, and other activities conducted domestically and on-site. The FY 2002 grant recipients are listed below.

##### 1. American Council of Learned Societies

*Grant:* \$480,000 (EE).

*Purpose:* To support dissertation and post-doctoral research fellowships; institutional language training grants in the U.S. covering the basic languages of Central and East Europe; individual language training fellowships; and the Junior Scholars' Training Seminar with the Woodrow Wilson Center.

*Contact:* Andrzej Tymowski, Executive Associate, American Council of Learned Societies, 663 Third Avenue, 8C, New York, NY 10017-6795. (212) 697-1505 (ext. 134/135). Fax (212) 949-8058. e-mail: [ANDRZEJ@acls.org](mailto:ANDRZEJ@acls.org).

##### 2. American Councils for International Education

*Grant:* \$490,000 (\$420,000-NIS, \$70,000-EE/B).

*Purpose:* To support on-site individual language training fellowships in advanced Russian, the non-Russian languages of Eurasia, and the Central European languages; the Research Scholars and Junior Faculty fellowships; and the Combined Language Training and Research fellowships, including a Special Research Initiative on Central Asia; Research Scholar and Junior Faculty research fellowships.

*Contact:* Graham Hettlinger, American Councils for International Education, 1776 Massachusetts Avenue, NW, Suite 700, Washington, DC 20036. (202) 833-7522. Fax (202) 833-7523. e-mail: [Hettlinger@actr.org](mailto:Hettlinger@actr.org).

##### 3. The William Davidson Institute of the University of Michigan Business School

*Grant:* \$210,000 (120,000-NIS; \$90,000-EE/B).

*Purpose:* To support grants for pre- and post-doctoral research projects on economic and business development and public policy to develop free markets in the Balkans, Central Asia, and the Caucasus.

*Contact:* Deborah Jahn, Administrative Director, The William Davidson Institute, University of Michigan Business School, 724 East University Avenue, Ann Arbor, MI 48109-1234. (734) 615-4562. Fax (734) 763-5850. e-mail: [djahn@umich.edu](mailto:djahn@umich.edu).

##### 4. University of Illinois at Urbana-Champaign

*Grant:* \$160,000 (\$130,000-NIS; \$30,000-EE/B).

*Purpose:* To support the Summer Research Laboratory, which provides dormitory housing and access to the University's library for advanced research, and the Slavic Reference Service, which locates materials unavailable through regular interlibrary loan.

*Contact:* Dianne Merridith, Program Administrator, Russian and East

<sup>14</sup> 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. <sup>15</sup> U.S.C. 78c(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).