

implement the haircut standard as the equity benchmark. Thus, the CBOE believes that the proposed rule change would make CBOE Rule 12.3(g) consistent with NYSE Rule 431(e)(6)(A).

NYSE Rule 431(e)(6)(A) was changed to gain consistency with NYSE Rule 431(e)(6)(B)—Joint Back Office Arrangements. In 2000, both the CBOE and NYSE instituted similar margin and net capital requirements for member organizations that carry accounts on a JBO basis. In addition, certain requirements were imposed on JBO participants, which included a broker-dealer registration requirement. The CBOE and NYSE JBO rules do not impose exchange maintenance margin requirements on JBO accounts, but instead require that the carrying firm, in computing its net capital, deduct any amount by which equity in the JBO account is below the haircut requirement. At the same time, the NYSE amended NYSE Rule 431(e)(6)(A) on the grounds that, since a JBO participant is a broker-dealer, a broker-dealer account (non-JBO) should receive the same treatment accorded the JBO account for computing a deduction to net capital. Likewise, the CBOE believes that the proposed rule change would make the treatment of broker-dealers under CBOE Rule 12.3(g) consistent with the treatment of JBO participants under the CBOE's JBO rules.⁶

2. Statutory Basis

The proposed rules are intended to harmonize the margin treatment across types of broker-dealer accounts, as well as between CBOE's rule and the analogous NYSE rule. As such, the CBOE believes that the proposed rule change is consistent with, and furthers the objectives of, Section 6(b)(5) of the Act,⁷ in that it is designed to perfect the mechanism of a free and open market and to protect investors and the public interest.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of 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 proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder⁹ because the proposed rule change (1) Does not significantly affect the protection of investors or the public interest, (2) does not impose any significant burden on competition, and (3) does not become operative for 30 days from the date of filing, or such shorter time that the Commission may designate if consistent with the protection of investors and the public interest, provided that the CBOE has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the filing date of the proposed rule change.¹⁰ 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 the furtherance of the purposes of the Act.¹¹

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 all such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to the File No. SR-CBOE-2002-59 and should be submitted by November 21, 2002.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ As required under Exchange Act Rule 19b-4(f)(6)(iii), the CBOE 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.

¹¹ 15 U.S.C. 78s(b)(3)(C).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 02-27687 Filed 10-30-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46717; File No. SR-DTC-2002-12]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Enhancements to DTC's Memo Segregation Procedures

October 24, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 3, 2002, The Depository Trust Company ("DTC") 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 primarily by DTC. 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 proposed rule change consists of enhancements to the Memo Segregation ("Memo Seg") procedures of DTC.

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

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

The proposed rule change makes enhancements to DTC's existing Memo

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.

⁶ See CBOE Rule 13.4(b)(3).

⁷ 15 U.S.C. 78f(b)(5).

Seg process. The enhancements are as follows. First, a special reclaim reasons code will be created for free and valued deliver orders that will not affect Memo Seg. Therefore, free and valued reclaims processed with this code will not reduce the deliverer's Memo Seg. Second, a special reclaim reason code will be created for free and valued deliver orders that will reduce Memo Seg. Therefore, free and valued reclaims processed with this code will always reduce the deliverer's Memo Seg. Third, reason codes will be added to the list of exception reason codes for non-optional Memo Seg procedures. Therefore, free deliveries processed with these codes will not automatically reduce Memo Seg. Fourth, additional reason codes will be added to Memo Seg indicators. Fifth, same-day Matched Reclaims will automatically increase the Memo Seg of the receiver of the reclaim if the original delivery decreased Memo Seg regardless of the reclaim reason code. Sixth, pledges will reduce Turnaround position. All enhancements are further described in DTC's Important Notice No. 3733, Memo Segregation Enhancement, which was made available to participants starting September 5, 2002. Important Notice No. 3733 is attached as an exhibit to DTC's proposed rule change.

The proposed rule change is consistent with the requirements of section 17A of the Act and the rules and regulations thereunder applicable to DTC because it will give participants additional options in using DTC's Memo Seg procedures. The proposed rule change will be implemented consistently with the safeguarding of securities and funds in DTC's custody or control or for which it is responsible since the proposed rule change will modify DTC's existing Memo Seg procedures.

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

DTC perceives no adverse impact on competition by reason of the proposed rule change.

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

Written comments from DTC's participants have not been solicited nor received on the proposed rule change.

II. 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)(iii) of the Act³ and Rule 19b-4(f)(4)⁴ promulgated thereunder because the proposal effects a change in an existing service of DTC that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (B) does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty 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.

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 will also be available for inspection and copying at the principal office of the DTC. All submissions should refer to the File No. SR-DTC-2002-12 and should be submitted by November 21, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-27663 Filed 10-30-02; 8:45 am]

BILLING CODE 8010-01-P

DEPARTMENT OF STATE

[Public Notice 4187]

Office of Defense Trade Controls; Notifications to the Congress of Proposed Commercial Export Licenses

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given that the Department of State has forwarded the attached Notifications of Proposed Export Licenses to the Congress on the dates shown on the attachments pursuant to sections 36(c) and 36(d) and in compliance with section 36(e) of the Arms Export Control Act (22 U.S.C. 2776).

EFFECTIVE DATE: As shown on each of the twenty-four letters.

FOR FURTHER INFORMATION CONTACT: Mr. William J. Lowell, Director, Office of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State (202 663-2700).

SUPPLEMENTARY INFORMATION: Section 38(e) of the Arms Export Control Act mandates that notifications to the Congress pursuant to sections 36(c) and 36(d) must be published in the **Federal Register** when they are transmitted to Congress or as soon thereafter as practicable.

Dated: November 23, 2002.

William J. Lowell,

Director, Office of Defense Trade Controls, Department of State.

U.S. Department of State

Washington, DC 20520

September 5, 2002

The Honorable J. Dennis Hastert,
Speaker of the House of Representatives.

Dear Mr. Speaker: Pursuant to Section 36(c) of the Arms Export Control Act, I am transmitting, herewith, certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of \$50,000,000 or more.

The transaction contained in the attached certification involves the proposed permanent export of two (2) Landing Craft Air Cushion (LCAC) vessels, plus spares, warranty items and technical data for use by the Maritime Self Defense Force of the Japan Defense Agency.

The United States Government is prepared to license the export of these items having taken into account political, military, economic, human rights and arms control considerations.

More detailed information is contained in the formal certification which, though unclassified, contains business information submitted to the Department of State by the applicant, publication of which could cause competitive harm to the United States firm concerned.

Sincerely,

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(4).

⁵ 17 CFR 200.30-3(a)(12).