

The Commission finds good cause for approving the proposed rule change, prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that the Notes will provide investors with an additional investment choice and that accelerated approval of the proposal will allow investors to begin trading the Notes promptly. In addition, the Commission notes that it has previously approved the listing and trading of similar Notes and other hybrid securities based on the Index.<sup>31</sup> Accordingly, the Commission believes that there is good cause, consistent with sections (6)(b)(5) and 19(b)(2) of the Act,<sup>32</sup> to approve the proposal, on an accelerated basis.

## V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,<sup>33</sup> that the proposed rule change (SR-NASD-2003-70) is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>34</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47707; File No. SR-OCC-2002-04]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change, as Amended, Relating to Money Market Funds as Margin Collateral

April 21, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on January 29, 2002, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-OCC-2002-04. Notice of the proposal was published in the **Federal Register** on January 16, 2003.<sup>2</sup> No comment letters were received. The Commission granted approval of the

proposed rule change on March 31, 2003.<sup>3</sup>

OCC filed Amendment I to the proposed rule change on November 19, 2002. The changes made by Amendment I were inadvertently omitted from the notice and order approving the proposed rule change. Accordingly, the Commission is publishing this notice to solicit comments on Amendment I from interested persons.

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

Amendment I modified SR-OCC-2002-04 which expanded the acceptable forms of margin collateral to include shares of money market funds meeting specified criteria.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>4</sup>

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

OCC filed Amendment I after discussions with its clearing members and fund issuers caused OCC to identify several areas in which SR-OCC-2002-04 needed to be clarified or modified. Amendment I made the following changes to SR-OCC-2002-04:

- Notification of Noncompliance with Requirements. SR-OCC-2002-04 as originally filed required a fund to immediately notify OCC of any noncompliance with the requirements of rule 604(b)(3)(i). Amendment I amended the filing to provide additional details as to when, to whom, and how such notice should be given. This additional detail will help ensure that OCC receives appropriate and timely notice of noncompliance in order to take such action as it deems necessary to respond to the event causing the noncompliance.

- Valuation of Deposited Shares. SR-OCC-2002-04 as originally filed

provided that money market fund shares would be valued at 98% of current net asset value unless a lower valuation was prescribed by OCC's Membership/Margin Committee. While the funds that will qualify for deposit under rule 604 are designed to maintain a stable net asset value of \$1.00, net asset value at any point in time may be slightly greater or less than \$1.00. Accordingly, OCC filed Amendment I to provide that deposited shares would be valued at 98% of current market value. In addition, Amendment I provided that OCC may prescribe a lower valuation in the event OCC receives notice from a fund that it no longer meets the qualification standards applicable to accept the fund's shares.

- Concentration Requirements. SR-OCC-2002-04 as originally filed required that no single registered shareholder have an interest of 10% or more in a fund. This standard was intended to limit the possibility that a redemption decision by a single shareholder could adversely affect the fund's ability to redeem shares in an orderly manner. Fund sponsors have advised OCC that this requirement may severely restrict their ability to construct a fund tailored to meet OCC's qualification standards as it requires a minimum of at least 10 registered shareholders before the fund meets OCC's eligibility standards. As a result, in Amendment I OCC revised its concentration restriction to provide that no more than 5% of the total number of outstanding shares of any one fund may be deposited by a single clearing member with OCC. OCC believes that this standard reasonably addresses concentration concerns because it limits OCC's exposure to a single fund on the default of the depositing clearing member.

- Compliance with CFTC Regulation 1.25. SR-OCC-2002-04 as originally filed required a fund to comply with CFTC Regulation 1.25, which sets forth the terms and conditions applicable to a futures commission merchant's or a derivatives clearing organization's investment of futures customer funds in permitted instruments. CFTC Regulation 1.25(c) specifies requirements for investments in money market mutual funds. This requirement was intended to ensure that shares in all approved funds could be deposited by clearing members registered as FCMs in their segregated futures account at OCC to the extent such shares were acquired with futures customer funds. CFTC Regulation 1.25(c), however, would not apply to money market fund shares deposited as margin for OCC accounts other than for segregated futures

<sup>31</sup> See note 8, *supra*.

<sup>32</sup> 15 U.S.C. 78o-3(b)(6) and 78s(b)(2).

<sup>33</sup> 15 U.S.C. 78s(b)(2).

<sup>34</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> Securities Exchange Act Release No. 47146 (January 9, 2003), 68 FR 2385.

<sup>3</sup> Securities Exchange Act Release No. 47599, 68 FR 16849 (April 7, 2003).

<sup>4</sup> The Commission has modified parts of these statements.

accounts, and OCC decided not to require fund compliance with CFTC Regulation 1.25. However, as a reminder to clearing members, Amendment I modified rule 604(b)(3)(v) to provide that the deposit of money market fund shares with respect to a segregated futures account constitutes a clearing member's representation that the fund meets the requirements of CFTC Regulation 1.25.

- **Redemption.** SR-OCC-2002-04 as originally filed required a fund to waive any right it may otherwise have to postpone the payment of redemption proceeds and the right to redeem shares in kind and to agree to redeem shares in cash not later than the business day following a redemption request by OCC except when redemptions could not be effected due to unscheduled closings of the Federal Reserve Banks or the New York Stock Exchange or other specified emergency condition. OCC has concluded that the phrase other specified emergency condition is unclear and has determined to delete it. OCC believes that, as amended, this clause of the rule will be more consistent with OCC's original intentions with respect to permitted exceptions to redemption requests.

As well as the above changes, Amendment I makes a minor modification to rule 604 in order to distinguish money market funds from fund shares as proposed in File No. SR-OCC-2002-22.<sup>5</sup>

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

OCC does not believe that Amendment I would 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 Amendment I have been solicited or received. OCC will notify the Commission of any written comments received by OCC.

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

The Commission finds that Amendment I is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of section 17A(b)(3)(F).<sup>6</sup> Section 17A(b)(3)(F) requires that the rules of a

clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission has already determined that the proposed rule change in SR-OCC-2002-04 meets the requirements in section 17A(b)(3)(F). Accordingly, the Commission finds that the changes made to SR-OCC-2002-04 by Amendment I have been designed so that they also should enable OCC to ensure that it is able to safeguard the securities and funds that are within its custody or control or for which it is responsible.

The Commission finds good cause for approving SR-OCC-2002-04, as amended by Amendment I, prior to the thirtieth day after publication of notice because by so approving, OCC will be able to implement SR-OCC-2002-04, which was previously approved by the Commission, with the changes made by Amendment I.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment I 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. Comments may also be submitted electronically at the following e-mail address: [rule-comments@sec.gov](mailto:rule-comments@sec.gov). All comment letters should refer to File No. SR-OCC-2002-04. This file number should be included on the subject line if e-mail is used. To help us process and review comments more efficiently, comments should be sent in hardcopy or by e-mail but not by both methods. 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 OCC. All submissions should refer to the File No. SR-OCC-2002-04 and should be submitted by May 16, 2003.

**V. Conclusion**

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular with the requirements of section 17A of the Act and the rules and regulations thereunder applicable.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act, that the proposed rule change as amended (File No. SR-OCC-2002-04) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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**SOCIAL SECURITY ADMINISTRATION**

**[Program Announcement No. SSA-ORES-03-01]**

**Retirement Research Consortium Request for Applications (RFA)**

**AGENCY:** Social Security Administration (SSA).

**ACTION:** Request for applications for a cooperative agreement to re-compete a Retirement Research Consortium (RRC).

**SUMMARY:** The American population is growing older, with profound long-term effects on Social Security and related programs. The Board of Trustees has found that Social Security is financially unsustainable over the long-term at present payroll tax and scheduled benefit levels. The Social Security Administration (SSA) is committed, through education and research efforts, to support reforms to ensure sustainable solvency and more responsive programs.

As authorized under section 1110 of the Social Security Act, SSA announces the solicitation of applications for a cooperative agreement to create a Retirement Research Consortium to help inform the public and policymakers about Social Security issues. Initially, the Consortium will be composed of one or more Centers. The Centers will have a combined annual budget of up to \$5 million a year. SSA expects to fund the Centers for a period of 5 years, contingent on an annual review process and continued availability of funds.

**Purpose**

This announcement seeks applications in support of the RRC that

<sup>5</sup> Securities Exchange Act Release No. 46914 (November 26, 2002), 67 FR 72261 (December 4, 2002).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>7</sup> 17 CFR 200.30-3(a)(12).