

comparison rates⁵ and thereby should decrease risks associated with uncompared trades not settling.

In the course of its analysis, GSCC discovered that while comparison rates for repo transactions approached 97 percent, comparison rates for buy/sell transactions were consistently lower at 95 percent. GSCC determined that there were four main reasons for this trend. First, many trades submitted to GSCC are not submitted as originally executed between members. Many trades are either "bunched" or "broken down" resulting in some trades not being compared.⁶ While GSCC employs certain tolerances for required data fields in order to aid comparison, some bunched or broken down trade scenarios fall outside of GSCC's par summarization tolerances.⁷

The second reason for uncompared trades is when GSCC members fail to notify GSCC of their intent to submit trades for Executing Firms.⁸ GSCC keeps over 400 Executing Firms and their corresponding symbols on a master list which is available to all members. GSCC should be notified in advance of a member's intent to submit trade data on behalf of an Executing Firm so that the master list can be updated. However, member firms often fail to so notify GSCC, they submit trade data without the proper Executing Firm symbol, or they fail to submit Executing Firm data completely. These trades may show up in GSCC's systems as uncompared.

A third reason for uncompared trades is that GSCC does not currently require its members to submit to it all types of trade data. As a result, some firms do not submit to GSCC for comparison

trades that are executed and settled on the same day (cash trades). The fourth reason for uncompared trades occurs because Comparison-Only Members, who do not settle their trades through GSCC, do not submit their trade data to GSCC on a consistent basis.

The proposed rule changes would increase comparison rates by effectively eliminating the situations described above. Specific proposed rule changes would apply to both buy/sell and repo transactions as follows:

(i) Each Comparison-Only Member would be required to submit data to GSCC on all buy/sell or repo trades executed by such member with any other Comparison-Only Member or Netting Member of GSCC.

(ii) Each Netting Member would be required to submit data to GSCC on all buy/sell or repo trades executed by such member with any other Comparison-Only Member.⁹

(iii) Each GSCC member would be required to submit data to GSCC on all trades with other GSCC members executed and settled on the same day.

(iv) Each GSCC member would be required to submit trade data exactly as executed up to a \$50 million dollar cap. Trades for over \$50 million could be submitted in \$50 million pieces with a "tail" for any remainder.¹⁰

(v) Each GSCC member would be required to inform GSCC of all Executing Firms on whose behalf they submit trade data for placement on GSCC's master list and to submit to GSCC all trades executed on behalf of an Executing Firm on GSCC's master list with the appropriate symbol. In addition, each GSCC member would be required to inform GSCC of those Executing Firms that should be deleted from the master list.

In the event that a member does not comply with the new trade submission rules, GSCC has certain rights to enforce compliance. In addition to automatically placing a Netting Member or a Comparison-Only Member on surveillance status, GSCC would have the right to increase the required Clearing Fund deposit of a Netting Member pursuant to GSCC Rule 4, Section 3 and at GSCC's discretion notify the Netting Member or Comparison-Only Member's appropriate regulatory authority of its non-compliance with GSCC's rules. GSCC expects to submit a rule filing at a later date giving GSCC the authority to assess

fees to members who do not comply with the trade data submission requirements outlined in these rules.

III. Discussion

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹¹ The Commission finds that GSCC's proposed rule change is consistent with this Section because by boosting GSCC's trade comparison rates it will promote the prompt and accurate clearance and settlement of securities transactions.

IV. 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 Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-GSCC-2002-02) be and hereby is approved.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-16059 Filed 6-25-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46092; File No. SR-NYSE-2002-01]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the New York Stock Exchange, Inc. Removing Separate Exchange Requirements Regarding the Use of Consent Solicitations

June 19, 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 January 3, 2002, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the NYSE. The NYSE submitted

⁵ Comparison rates are derived by dividing the total number of buy/sell trades compared by the total number of buy/sell trades submitted.

⁶ For example, Firm A submits one trade for \$30 million, and Firm B "breaks down" the trade into three \$10 million pieces. Alternatively, Firm A and Firm B may execute five separate trades each worth \$10 million. Firm A submits each trade separately while Firm B "bunches" the five trades into one \$50 million piece. In both of these examples, the trades will not be compared.

⁷ In the event of a mismatch of final money, GSCC has established trade tolerances which allow for differences in trade values (or par summarization) submitted by members on each side of one transaction. For a trade to be compared, par summarization must be on a 2:1 or 2:2 ratio. For example, where Firm A submits a trade in one piece of \$50 million and Firm B submits two pieces of \$25 million each, this transaction would fall within the 2:1 par summarization tolerance. If Firm A were to submit two pieces of \$25 million each and Firm B submitted two pieces of \$20 million and \$30 million, this would fall within GSCC's 2:2 par summarization tolerance. Assuming that the final money matches, both of these trades will be compared by GSCC.

⁸ An Executing Firm is a firm that is not a member of GSCC whose trade data is submitted to GSCC by a GSCC member.

⁹ GSCC Rule 11 already requires Netting Members to submit all trade data for transactions with other Netting Members.

¹⁰ GSCC does not accept trade data for transactions over \$50 million except for GCF Repo transactions.

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Amendment No. 1 to the proposed rule change on May 23, 2002.³ 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 NYSE proposes to amend Section 306 of the NYSE Listed Company Manual to remove separate NYSE requirements regarding the use of consent solicitations. The text of the proposed rule change is below. New language is italicized; deleted language is in brackets.

Listed Company Manual

306.00 Consents

[The use of consents in lieu of special meetings as proper authorization for shareholder approval of corporate action may be appropriate under certain circumstances. When it appears that a special meeting of shareholders is not necessary, requests from listed companies to use consents will be reviewed and approved by the Exchange on an individual basis if they conform with these guidelines:

A record date is used.

Consent material is sent to all shareholders.

Corporate action is not to be taken until the solicitation period has expired—even if the required vote is received earlier.

A 30-day solicitation period is recommended and a minimum of 20 days is required.

Consent material conforms to normal proxy statement disclosure standards. If, in the opinion of the Exchange, there is an important reason why an actual meeting should be held, the use of consents will not be approved.]

Listed companies may use consents in lieu of special meetings of shareholders as permitted by applicable law. The Exchange has no separate requirements with respect to the solicitation of such consents, but listed companies must comply with applicable state and federal law and rules (including interpretations thereof), including, without limitation, SEC Regulations 14A and 14C.

³ In Amendment No. 1, the Exchange: (1) added the following language to the proposed rule text: "(including interpretations thereof), including, without limitation," and (2) added language to the purpose section clarifying the two options available to listed companies for obtaining shareholder approval. See letter from Darla C. Stuckey, Corporate Secretary, NYSE, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated May 22, 2002 ("Amendment No. 1").

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 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. The NYSE 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

The Exchange has long required that listed companies solicit proxies in connection with all shareholder meetings. Section 306 of the Listed Company Manual specifies that companies are permitted to use shareholder consents in lieu of special meetings, although it provides that the corporate action should not be taken until the consent solicitation period has expired.

In 1964, the Exchange Act was amended to expand federal proxy regulation to cover "information statements," which are disclosure documents used to inform shareholders of corporate action that has been taken without the general solicitation of their proxy, consent, or authorization. This can arise when a corporation is permitted under state law to take action without a meeting upon the written consent of a specified percentage of shareholders, and the corporation has an individual or a small group that holds a sufficient percentage to effect the action involved.

Since the Exchange permitted the listing of dual class capitalization companies, from time to time some Exchange-listed companies have been in a position to, and desired to, take action by written consent of the holders of a majority of their voting stock in lieu of a special meeting of shareholders. Such a company would be required by Section 14(c) of the Exchange Act and Regulation 14C thereunder to furnish to all shareholders an information statement that contains the same disclosure as would have been provided to those shareholders had they been sent a proxy or consent solicitation. Regulation 14C also specifies that the information statement must be sent at least 20 days prior to the earliest date the corporate action can be taken.

Nonetheless, given the requirements of Section 306 of the Manual, at least in those situations where the shareholder vote is one required by Exchange rules (e.g., by 312.03 of the Manual), the Exchange has required such companies to actually solicit consents from all shareholders, which involves the additional logistics of collecting and tabulating the shareholder votes. These companies typically find this requirement onerous and without substantive justification, given that the outcome of the vote is a foregone conclusion and the information furnished to shareholders would be the same in any event.

The Exchange is now of the opinion that those objections are credible and that it is appropriate to align the Exchange with what has become an accepted corporate practice that has long been sanctioned by state and federal regulation. The federal proxy rules insure that shareholders are provided all the information material to the corporate action being taken, regardless of whether the corporation must solicit shareholder approval generally, or is able to proceed based on the written consent of a smaller group. Accordingly, the Exchange proposes to modify Section 306 to eliminate the separate Exchange requirements with respect to use of consents in lieu of special meetings. As a result, listed companies will be permitted to either (1) hold a special meeting of shareholders, or (2) use consents in lieu of special meetings when and as permitted by applicable law.

The Exchange would, however, retain its traditional policy that listed companies may not use written consents in lieu of the *annual* meeting of shareholders at which directors are to be elected.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁴ in general and furthers the objectives of Section 6(b)(5),⁵ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

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

Within 35 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 90 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 Exchange consents, the Commission will:

(A) by order approve the 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, as amended, 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 No. SR-NYSE-2002-01 and should be submitted by July 17, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 02-16064 Filed 6-25-02; 8:45 am]

BILLING CODE 8010-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3424]

State of Colorado; Disaster Loan Areas

As a result of the President's major disaster declaration on June 19, 2002, I find that Adams, Alamosa, Arapahoe, Archuleta, Baca, Bent, Boulder, Broomfield, Chaffee, Cheyenne, Clear Creek, Conejos, Costilla, Crowley, Custer, Delta, Denver, Dolores, Douglas, Eagle, Elbert, El Paso, Fremont, Garfield, Gilpin, Grand, Gunnison, Hinsdale, Huerfano, Jefferson, Kiowa, Kit Carson, Lake, La Plata, Las Animas, Lincoln, Mesa, Mineral, Moffat, Montezuma, Montrose, Otero, Ouray, Park, Pitkin, Pueblo, Rio Blanco, Rio Grande, Routt, Saguache, San Juan, San Miguel, Summit, Teller, Washington and Yuma Counties and Broomfield City, Denver City, the Southern Ute Reservation and the Ute Mountain Reservation in the State of Colorado constitute a disaster area due to damages caused by wildfires occurring on April 23, 2002 and continuing. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on August 18, 2002 and for economic injury until the close of business on March 19, 2003 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Fort Worth, TX 76155.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Jackson, Larimer, Logan, Morgan, Phillips, Prowers and Weld Counties in the State of Colorado; Apache County in the State of Arizona; Cheyenne, Greeley, Hamilton, Morton, Sherman, Stanton and Wallace Counties in the State of Kansas; Chase and Dundey Counties in the State of Nebraska; Cimarron County in the State of Oklahoma; Colfax, Rio Arriba, San Juan, Taos and Union Counties in the State of New Mexico; Daggett, Grand, San Juan and Uintah Counties in the State of Utah; and Carbon and Sweetwater Counties in the State of Wyoming.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere	6.625
Homeowners without credit available elsewhere	3.312

	Percent
Businesses with credit available elsewhere	7.000
Businesses and non-profit organizations without credit available elsewhere	3.500
Others (including non-profit organizations) with credit available elsewhere	6.375
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere	3.500

The number assigned to this disaster for physical damage is 342405. For economic injury the number is 9Q1900 for Colorado; 9Q2000 for Arizona; 9Q2100 for Kansas; 9Q2200 for Nebraska; 9Q2300 for Oklahoma; 9Q2400 for New Mexico; 9Q2500 for Utah; and 9Q2600 for Wyoming.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: June 19, 2002.

Herbert L. Mitchell,

Associate Administrator for Disaster Assistance.

[FR Doc. 02-16054 Filed 6-25-02; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3425]

State of Iowa; Disaster Loan Areas

As a result of the President's major disaster declaration on June 19, 2002, I find that Allamakee, Benton, Buchanan, Cedar, Clayton, Clinton, Delaware, Dubuque, Fayette, Iowa, Jackson, Johnson, Jones, Linn, Muscatine, Scott and Winneshiek Counties in the State of Iowa constitute a disaster area due to damages caused by severe storms and flooding occurring on June 3, 2002 and continuing. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on August 18, 2002 and for economic injury until the close of business on March 19, 2003 at the address listed below or other locally announced locations: U.S. Small Business Administration, Disaster Area 3 Office, 4400 Amon Carter Blvd., Suite 102, Ft. Worth, TX 76155.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: Black Hawk, Bremer, Chickasaw, Howard, Keokuk, Louisa, Poweshiek, Tama and Washington Counties in the State of Iowa; Carroll, Jo Daviess, Rock Island

⁶ 17 CFR 200.30-3(a)(12).