

property to such registered investment company. Section 17(a)(2) of the 1940 Act prohibits any of the persons described above from purchasing any security or other property from such registered investment company. Section 2(a)(3) of the 1940 Act defines the term "affiliated" person. The proposed Substitution will be effected in part through in-kind redemptions and purchases and may be deemed to entail the indirect purchase of shares of a related Substituting Portfolio with portfolio securities of the Replaced Portfolio and the indirect sale of securities of the Replaced Portfolio for shares of the Substituting Portfolio.

13. Section 17(b) of the 1940 Act provides that the Commission may grant an Order exempting transactions prohibited by section 17(a) of the 1940 Act upon application if evidence establishes that:

1. The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve over-reaching on the part of any person concerned;

2. The proposed transaction is consistent with the investment policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act; and

3. The proposed transaction is consistent with the general purposes of the 1940 Act. The Applicants represent that the terms of the proposed transactions, as described in this Application are: reasonable and fair, including the consideration to be paid and received; do not involve over-reaching; are consistent with the policies of the Replaced Portfolios of the Trust; and are consistent with the general purposes of the 1940 Act.

14. Applicants represent that for all the reasons stated above, with regard to section 26(c) of the 1940 Act, the Substitution is reasonable and fair. It is expected that existing and future Owners will benefit from the consolidations of assets in each Substituting Portfolio. The transactions effecting the Substitution will be effected in conformity with section 22(c) of the 1940 Act and Rule 22c-1 thereunder. Moreover, the partial in-kind redemptions of portfolios' securities of the Replaced Portfolios will be effected in conformity with Rule 17a-7 under the 1940 Act and the procedures of the Trust established pursuant to Rule 17a-7. The Owners' interests after the Substitution, in practical economic terms, will not differ in any measurable way from such interests immediately prior to the

Substitution. In each case, the consideration to be received and paid is, therefore, reasonable and fair.

Applicants' Conclusions

Applicants submit, for all of the reasons stated herein, that their requests meet the standards set out in sections 6(c), 17(b) and 26(c) of the 1940 Act and that an Order should, therefore, be granted. Accordingly, Applicants request an Order pursuant to sections 6(c), 17(b) and 26(c) of the 1940 Act approving the Substitution.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-26850 Filed 10-21-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [67 FR 63713, October 15, 2002].

STATUS: Closed meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING: Thursday, October 17, 2002, at 10 a.m.

CHANGE IN THE MEETING: Time Change.

The Closed Meeting scheduled for Thursday, October 17 at 10 a.m. was changed to Thursday, October 17, 2002, at 11 a.m.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: October 17, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-26927 Filed 10-18-02; 11:13 am]

BILLING CODE 8010-01-U

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of October 21, 2002: A Closed

Meeting will be held on Tuesday, October 22, 2002, at 10 a.m.

Commissioner Glassman, as duty officer, determined that no earlier notice thereof was possible.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(5), (7), (9)(B) and (10) and 17 CFR 200.402(a)(5), (7), (9)(ii) and (10), permit consideration of the scheduled matters at the Closed Meeting.

The subject matter of the Closed Meeting scheduled for Tuesday, October 22, 2002, will be:

Institution and settlement of administrative proceedings of an enforcement nature;

Institution and settlement of injunctive actions; and
Adjudicatory matters.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: October 17, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-26932 Filed 10-18-02; 11:12 am]

BILLING CODE 8010-01-U

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46655; File No. SR-Amex-2001-06]

Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change and Amendment Nos. 1, 2 and 3 Thereto by the American Stock Exchange LLC Relating to Relief and Temporary Specialists

October 11, 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 February 14, 2001, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission")

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. On August 20, 2001, the Exchange submitted Amendment No. 1 to the proposed rule change.³ On October 1, 2002, the Exchange submitted Amendment No. 2 to the proposed rule change.⁴ On October 8, 2002, the Exchange submitted Amendment No. 3 to the proposed rule change.⁵ 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 Amex Rules 172 ("Temporary Specialists") and 173 ("Responsibility of Temporary Specialist") to require specialists units consisting of fewer than three members to arrange for the registration of one or more relief specialists. The Exchange also proposes to specify the financial requirements for relief specialists and to revise the Exchange's rules regarding the appointment of temporary specialists. Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are in brackets.

* * * * *

³ See letter from William Floyd-Jones, Jr., Assistant General Counsel, Amex, to Nancy Sanow, Assistant Director, Division of Market Regulation ("Division"), Commission, dated August 17, 2001 ("Amendment No. 1") (replacing the original filing in its entirety). Amendment No. 1: (1) Makes minor technical changes to the proposed rule text; (2) notes in the purpose section of the proposal that the Committee on Floor Member Performance ("Performance Committee") will review and approve the registration of relief specialists; and (3) provides a citation for further details on the Interim Seat Allocation Program.

⁴ See letter from William Floyd-Jones, Jr., Assistant General Counsel, Amex, to Nancy Sanow, Assistant Director, Division, Commission, dated September 30, 2002 ("Amendment No. 2") (replacing the original filing in its entirety). Amendment No. 2, among other things: (1) Amends the proposed rule text to provide that relief and temporary specialists are expected to assume the same obligations and responsibilities of regular specialists for the maintenance and stabilization of the market; (2) clarifies in the proposed rule text that the Performance Committee will review and approve the registration of relief specialists; and (3) provides in the proposed rule text that there are no financial requirements for temporary specialists.

⁵ See letter from William Floyd-Jones, Jr., Assistant General Counsel, Amex, to Nancy Sanow, Assistant Director, Division, Commission, dated October 7, 2002 ("Amendment No. 3") (replacing the original filing in its entirety). Amendment No. 3, in part: (1) Corrects technical errors in the proposed rule text and purpose section of the proposed rule change; (2) clarifies that temporary specialists have no financial requirements; and (3) clarifies the appeals process from decisions of the Performance Committee.

Relief and Temporary Specialists

Rule 172. (a) *Relief Specialists.*—Any member registered as a regular specialist must either (1) be associated with other members also registered as regular specialists in the same securities, either through a partnership, limited liability company, member corporation or a joint account, and arrange for at least one member of the group to be in attendance during the hours when the Exchange is open for business, or (2) arrange for the registration by at least one other member as relief specialist, who would always be available, in the regular specialist's absence, to take over the "book" and to service the market, so that there would be no interruption of the continuity of service during the hours when the Exchange is open for business.

The same obligations and responsibilities for the maintenance and stabilization of the market which rest upon regular specialists, rest also upon relief specialists while in possession of the "book."

A member registered as a specialist will be permitted to register as a relief specialist for only one particular specialist or specialist group. The Committee on Floor Member Performance will approve the registration of a regular specialist as a relief specialist provided that the surrounding circumstances are such as to permit the member to act in such relief capacity, and at the same time insure the adequate servicing of the securities in which the member is registered as a regular specialist and the proper performance of the member's specialist functions therein.

(b) *Temporary Specialists.*—In the event of an emergency, such as the absence of the regular and relief specialists, or when the volume of business in the particular stock or stocks is so great that it cannot be handled by the regular and relief specialists without assistance, a Floor Official may authorize a member of the Exchange who is not registered as a specialist or relief specialist in such stock or stocks, to act as temporary specialist for that day only.

A member who acts as a temporary specialist by such authority is required to file with Trading Analysis, at the end of the day, a report showing (a) the name of the security or securities in which the member so acted, (b) the name of the regular specialist, (c) the time of day when the member so acted, and (d) the name of the Floor Official who authorized the arrangement.

The Floor Official will not give such authority for the purpose of permitting a member not registered as specialist or relief specialist habitually to relieve a regular specialist at lunch periods, etc.

If a temporary specialist substitutes for a regular specialist, and if no regular or relief specialist is present, the temporary specialist is expected to assume the obligations and responsibilities of regular specialists for the maintenance and stabilization of the market. [Notwithstanding the provisions of Rule 170, a regular member, although not himself registered as a specialist, may with the prior approval of a Floor Official Act temporarily for a registered specialist. A member registered as a specialist may, without prior approval of a Floor Official, assist another member acting as a specialist at the same post.]

[Responsibility of Temporary Specialist]
Relief and Temporary Specialist
Financial Requirements

Rule 173. (a) *A full time relief specialist, i.e., one who may be called upon to act as a relief specialist for an entire business day, shall have no financial requirement so long as his or her dealings while relieving the regular specialist are effected for the account of the regular specialist. A full time relief specialist must satisfy the financial requirements of Rule 171 with respect to the securities in which he or she is acting as a relief specialist if the relief specialist, or the specialist unit providing the relief specialist, participates in the profit and loss of the dealings by the relief specialist.*

(b) *There is no financial requirement with respect to a member registered as a part-time relief specialist, i.e., one who may be called upon to act as a relief specialist for less than the entire business day, usually for lunch periods, etc. Dealings effected by a part-time relief specialist while relieving the regular specialist must be made for the account of the regular specialist being relieved.*

(c) *There is no financial requirement for a temporary specialist acting pursuant to Rule 172(b).*

[When a member takes temporarily the book of a specialist, he shall, while in possession of that book and for the balance of that particular day, stand in the same relationship to the book as the registered specialist for whom he acts.]

* * * * *

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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

Commentary .03 to Amex Rule 171 formerly required specialist units on the Exchange to consist of at least three members. In 1997, the Exchange eliminated this rule as part of a package of changes intended to update Amex rules.⁶ The Exchange believes that repealing the "three member" requirement for specialist units has encouraged qualified new firms to enter the specializing business on the Amex by eliminating the entry cost of acquiring or leasing three regular memberships. The Exchange, however, is concerned that units consisting of less than three members may lack sufficient personnel resources to deal with heavy volume and absences from the Floor (notwithstanding the recently approved interim member program).⁷ Consequently, the Exchange believes that units with fewer than three members should have formal back-up arrangements. The Amex also believes that the Exchange's current "Temporary Specialists" Rule only provides for emergency, rather than planned, support and is otherwise dated and in need of revision.

To address these concerns, the Exchange is proposing to adopt the New York Stock Exchange, Inc.'s ("NYSE") policies with respect to relief and temporary specialists.⁸ The Exchange

proposes that specialist units consisting of fewer than three persons would be required to identify at least one relief specialist that would be available to step-in for the regular specialist when required.⁹ Relief specialists would be registered as such pursuant to Amex Rule 170(a).¹⁰ The Exchange will permit the registration of a relief specialist when it believes that the relief specialist will be able to perform his or her responsibilities as a relief specialist while assuring adequate performance in the securities in which he or she is registered as a regular specialist. The Exchange proposes that a relief specialist be subject to the same responsibilities for the maintenance and stabilization of the market as the regular registered specialist in a security, and that a member only would be permitted to register as a relief specialist for one unit.

The Exchange proposes to register both "part-time" relief specialists and "full-time" relief specialists. A part-time relief specialist is a member who may be called upon to act as a relief specialist for less than an entire business day, e.g., during lunch periods. The Exchange proposes that dealings effected by a part-time relief specialist while relieving the regular specialist must be made for the account of the regular specialist who is being relieved. The Exchange also proposes that there is no separate financial requirement for a part-time relief specialist. A full-time relief specialist is a member who may be called upon to act as a relief specialist for an entire business day or more. The Exchange proposes that a full-time relief specialist has no separate capital requirement if his or her dealings are effected for the account of the regular specialist being relieved. If, however, dealings by the full-time relief specialist are for an account in which the relief specialist has an interest, then the Exchange proposes that the full-time relief specialist must satisfy applicable financial requirements.¹¹

All arrangements for relief specialists would be subject to review and approval by the Exchange's Committee on Floor

Member Performance.¹² The Exchange also proposes that specialist units with less than three persons have six months or such longer time as the Chief Executive Officer of the Exchange may determine is appropriate from the date of SEC approval of the proposed rule change to obtain Exchange approval for their relief specialist arrangements.

The proposed temporary specialist provision would allow a Floor Official to appoint a temporary specialist in the event of an emergency, or other unusual situations where existing regular and relief specialists are unable to adequately manage the volume of business in the particular stock or stocks. The proposed temporary specialist rule provides that a temporary specialist is expected to assume the responsibilities of a regular specialist for the maintenance and stabilization of the market, and has no separate financial requirement. The proposed rules also requires that a temporary specialist report his or her appointment to the Exchange's Trading Analysis Division at the end of the trading session.

2. Statutory Basis

The proposed rule change is consistent with section 6(b) of the Act¹³ in general, and furthers the objectives of Section 6(b)(5)¹⁴ in particular, in that the Exchange's proposed rules are designed to promote just and equitable principles of trade and protect investors and the public interest by ensuring adequate professional staffing on the Exchange Floor at all times.

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 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.

¹² The Exchange's Committee on Floor Member Performance ("Performance Committee") is responsible for reviewing the performance of specialists and other Floor members and providing non-disciplinary remediation with respect to poor performance. Members may appeal decision of the Performance Committee to the Amex Adjudicatory Council. See Amex Rule 26.

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

⁶ See Securities Exchange Act Release No. 38238 (February 4, 1997), 65 FR 6591 (February 12, 1997) (approving SR-Amex-96-39, which, amongst other things, removed the prohibition against specialist units of less than three natural persons).

⁷ See Securities Exchange Act Release No. 43016 (July 7, 2000), 65 FR 44552 (July 18, 2000) (approving SR-Amex-00-19, an Interim Seat Allocation Program, which allows an active member to temporarily allocate its membership to an interim member when the active member is absent from the trading floor).

⁸ See NYSE Rules 104.15, 104.17 and 104.24.

⁹ The Exchange notes that specialists units with more than three persons may also arrange for relief specialists pursuant to this proposed rule. Telephone conversation among William Floyd-Jones, Assistant General Counsel, Amex, Terri Evans, Assistant Director, and Lisa N. Jones, Attorney, Division, Commission, dated May 30, 2002.

¹⁰ Amex Rule 170(a) states: "No member shall act as a specialist in any security unless such member is registered as a specialist in such security by the Exchange and such registration may be revoked or suspended at any time by the Exchange."

¹¹ See Amex Rule 171 ("Specialist Financial Requirements").

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 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, 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 Exchange.

All submissions should refer to File No. SR-Amex-2001-06 and should be submitted by November 12, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-26782 Filed 10-21-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46658; File No. SR-GSCC-2002-08]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Revising GSCC's Schedule of Money Tolerances

October 11, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 11, 2002, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. 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 amends GSCC's schedule of money tolerances.

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

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

GSCC's rules contain a Schedule of Money Tolerances ("Schedule") that permits GSCC to compare a trade with a discrepancy in its settlement amount or start amount if the discrepancy falls within a specified money tolerance. Specifically, the Schedule provides for: (i) a money tolerance of \$1 per million on the settlement amount of a trade, which is applied to buy-sell transactions and to the close leg of repo transactions

in real time; (ii) a money tolerance of \$40 per million on the settlement amount of a trade, which is applied to buy-sell transactions and the close leg of repo transactions at the end-of-day phased comparison process; and (iii) a money tolerance of \$1 per repo transaction on the start amount of a repo transaction.

GSCC understands, based on member input, that one of the tolerances in the Schedule is inappropriate and creates risk. Specifically, the real-time money tolerance of \$1 per million on the settlement amount is causing repo transactions with differences of as much as nearly four basis points in the rate to compare immediately during the day. (The data on repo transactions is submitted to GSCC interactively, which now is how the large majority of data is submitted to GSCC.) In the past, these differences normally were discovered and corrected by members on a unilateral basis during the day, but because trades submitted in real time typically are compared shortly after execution, there is not sufficient time for them to be unilaterally corrected on GSCC's system. In order to remedy this problem, the proposed rule change amends the money tolerance on settlement money that is applied in real time to ten cents per million.

The proposed rule change also amends this section of the Schedule to indicate that a settlement money difference of less than \$1.00 will not prevent a trade from being matched by GSCC. For example, assume that two members submit a \$9 million trade with a \$0.98 difference in the settlement amount. Applying the \$0.10 per million money tolerance, which in this case is \$0.90, without the \$1.00 minimum would lead to the trade not being matched because the discrepancy of \$0.98 is greater than the tolerance of \$0.90. The minimum tolerance of \$1.00, however, would permit this trade to match. GSCC believes that a money difference of less than \$1.00 is de minimis and should not result in trades not being compared.

GSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder because it lessens the risk of members' trades with significant money differences being compared before such differences can be corrected.

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

GSCC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.

¹⁵ 17 CFR 200.30-3(a)(12).