

of information from Form G-88p including items no longer needed due to the Railroad Retirement and Survivor's Improvement Act (RRSIA).

The RRB also proposes to delete information no longer needed due to RRSIA from Forms G-88r and G-88r.1. Non burden impacting editorial and formatting changes are also proposed to all of the forms.

### Estimate of Annual Respondent Burden

The estimated annual respondent burden is as follows:

Form #(s)	Annual re-sponses	Time (min)	Burden (hrs.)
G-88p .....	1,500	8	200
G-88r .....	10	10	2
G-88r.1 .....	5	7	1
Total .....	1,515	.....	203

*Additional Information or Comments:*  
To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

**Chuck Mierzwa,**

*Clearance Officer.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46381; File No. S7-24-89]

**Joint Industry Plan; Order Granting Partial Temporary Approval of Amendment No. 13 of the Reporting Plan for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, Submitted by the National Association of Securities Dealers, Inc., the Boston Stock Exchange, Inc., the Chicago Stock Exchange, Inc., the Cincinnati Stock Exchange, Inc., the Pacific Exchange, the American Stock Exchange LLC, and the Philadelphia Stock Exchange, Inc.**

August 19, 2002.

### I. Introduction and Description

On May 31, 2002, the Cincinnati Stock Exchange, Inc. ("CSE") on behalf of itself and the National Association of

Securities Dealers, Inc. ("NASD"), the American Stock Exchange LLC ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Stock Exchange, Inc. ("CHX"), the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. ("PHLX") (hereinafter referred to collectively as "Participants"),<sup>1</sup> as members of the operating committee ("Operating Committee" or "Committee")<sup>2</sup> of the Plan submitted to the Securities and Exchange Commission ("SEC" or "Commission") a proposal to amend the Plan, pursuant to Rule 11Aa3-1<sup>3</sup> and Rule 11Aa3-2<sup>4</sup> under the Securities Exchange Act of 1934 ("Act" or "Exchange Act"). The proposal represents the 13th amendment ("13th Amendment") made to the Plan. Notice of the proposed 13th Amendment was published in the **Federal Register** on July 5, 2002.<sup>5</sup>

The Nasdaq UTP Plan governs the collection, processing, and dissemination on a consolidated basis of quotation and last sale information for each of its Participants. This consolidated information informs investors of the current quotation and recent trade prices of Nasdaq securities. It enables investors to ascertain from one data source the current prices in all the markets trading Nasdaq securities. The Plan serves as the required transaction reporting plan for its Participants, which is a prerequisite for their trading Nasdaq securities.

As discussed in the 13th Amendment Notice, proposed amendments to the Plan have been segregated into four categories: (1) Category 1, "Effective Upon Nasdaq's Exchange Registration;" (2) Category 2, "Effective Upon Launch of the Internal SIP;" (3) Category 3, "Effective Upon End of Parallel Period—Elimination of the Legacy SIP;" and (4) Category 4, "Timing Not An Issue." Through the 13th Amendment Notice, the Commission granted temporary summary effectiveness to amendments detailed in Category 2 so as to allow the target launch date for the new Internal Securities Information

<sup>1</sup> The CSE was elected chair of the Operating Committee for the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis ("Nasdaq UTP Plan" or "Plan") by the Participants.

<sup>2</sup> Among other things, the 13th Amendment proposes to add the Nasdaq Stock Market, Inc. ("Nasdaq") as a Participant. The Committee is made up of all the Participants.

<sup>3</sup> 17 CFR 240.11Aa3-1.

<sup>4</sup> 17 CFR 240.11Aa3-2.

<sup>5</sup> Securities Exchange Act Release No. 46139 (June 28, 2001 [sic]), 67 FR 44888 ("13th Amendment Notice").

Processor ("SIP") data feeds to be met.<sup>6</sup> The Commission received no comments on the proposed 13th Amendment.

This partial temporary approval order approves the 13th Amendment's extension of the Plan through August 19, 2003. This order does not approve the amendments detailed in Categories 1, 2, 3, and 4 in the 13th Amendment Notice,<sup>7</sup> which will be addressed in a separate action.

### II. Discussion

The Commission finds that extending the Plan for one year is consistent with the requirements of the Act and the rules and regulations thereunder, and, in particular, section 12(f)<sup>8</sup> and section 11A(a)(1)<sup>9</sup> of the Act and Rules 11Aa3-1 and 11Aa3-2 thereunder.<sup>10</sup> Section 11A of the Act directs the Commission to facilitate the development of a national market system for securities, "having due regard for the public interest, the protection of investors, and the maintenance of fair and orderly markets," and cites as an objective of that system the "fair competition \* \* \* between exchange markets and markets other than exchange markets."<sup>11</sup> When the Commission first approved of the Plan on a pilot basis, it found that the Plan "should enhance market efficiency and fair competition, avoid investor confusion, and facilitate surveillance of concurrent exchange and OTC trading."<sup>12</sup> The Plan has been in existence since 1990 and Participants have been trading Nasdaq securities under the Plan since 1993.

<sup>6</sup> In November of 2001, Nasdaq began implementing the "Internal SIP" project. The Internal SIP is a separate technology infrastructure within Nasdaq that will perform the functions of the SIP for Nasdaq-listed securities. When the Internal SIP is in place, Nasdaq will be able to separate its functions as a stock market from its functions as a SIP for the Plan.

<sup>7</sup> Pursuant to Rule 11Aa3-2(c)(4), 17 CFR 240.11Aa3-2(c)(4), the temporary summary effectiveness granted to the Category 2 amendments by the 13th Amendment Notice may not exceed 120 days in length. This partial temporary approval order has no impact upon such temporary summary effectiveness of the Category 2 amendments.

<sup>8</sup> 15 U.S.C. 78l(f). The Commission finds that extending the Plan is consistent with fair and orderly markets, the protection of investors and the public interest, and otherwise in furtherance of the purposes of the Act. The Commission has taken into account the public trading activity in securities traded pursuant to the Plan, the character of the trading, the impact of the trading of such securities on existing markets, and the desirability of removing impediments to, and the progress that has been made toward the development of a national market system.

<sup>9</sup> 15 U.S.C. 78k-1(a)(1).

<sup>10</sup> 17 CFR 240.11Aa3-1 and 17 CFR 240.11Aa3-2.

<sup>11</sup> 15 U.S.C. 78k-1(a).

<sup>12</sup> Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 (July 6, 1990).

The Commission finds that extending the pilot period of the Plan furthers the goals described above by preventing the lapsing of the sole effective transaction reporting plan for Nasdaq securities traded by other exchanges pursuant to unlisted trading privileges. The Commission believes that the Plan is currently a critical component of the national market system and that the Plan's expiration would have a serious, detrimental impact on the further development of the national market system.

### III. Conclusion

It is therefore ordered, pursuant to sections 12(f) and 11A of the Act<sup>13</sup> and paragraph (c)(2) of Rule 11Aa3-2<sup>14</sup> thereunder, that the pilot expiration date for the Plan be, and hereby is, extended through August 19, 2003.

By the Commission.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46378; File No. SR-OCC-2002-18]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Matched Trade Reporting

August 19, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 30, 2002, The Options Clearing Corporation ("OCC") 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 OCC. 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 would amend OCC's by-laws and rules relating to exchanges' reports of matched trades to OCC and to OCC providing positions and exercise information to clearing members.

#### 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>2</sup>

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

The proposed rule change would modify OCC's by-laws and rules to accommodate the transition to near real-time reporting of matching trade information by the options exchanges.<sup>3</sup> In addition, OCC's rules would be modified to reflect that OCC may make available to clearing members updated position and exercise information; however, such information would be provisional until final processing.

Each option exchange currently compares the trade information submitted by purchasing and selling members with respect to each transaction effected on that exchange. A compared transaction reflects that the parties to the trade have agreed on the terms of the trade. After the completion of its comparison processing, an exchange transmits to OCC a cumulative report of all matched trades effected or reconciled on that exchange on that particular trading day.<sup>4</sup> A compared or "matched" trade reported to OCC also contains additional information required by OCC, including, for example, the identity of the purchasing

<sup>2</sup> The Commission has modified parts of these statements

<sup>3</sup> While the language of this filing reflects OCC's current business of clearing and settling exchange traded options, the filing and the change to OCC's by-laws and rules extend to matching trade information from national securities exchanges, national securities associations, futures merchants, security futures markets, and international markets for which OCC clears and settles transactions.

<sup>4</sup> While OCC receives periodic matched trade transmissions for each option exchange during a business day, it currently uses the cumulative matched trade transmission made by each exchange for position processing and does not use intraday transmissions for position processing. OCC anticipates that the option exchanges will gradually transition to reporting of matched trades on a near real-time basis. Until all exchanges have transitioned to near real-time matched trade reporting during the business day, OCC's systems will accept and process a cumulative batch transmission, intermittent batch transmissions, and near real-time matched trade reporting.

and selling clearing members, the accounts in which each side of the transaction was effected, the exercise prices, the expiration date, and the number of options contracts.<sup>5</sup> Each night, OCC processes the cumulative report of matched trades submitted by each option exchange, as well as exercise notices submitted by clearing members and accepted by OCC, and updates the clearing members' positions for the next trading day.

In connection with systems modification, OCC is proposing to amend its by-laws and rules so that it would accept and process matched trades reported by the exchanges on a near real-time basis. After receipt of a matched trade, OCC would process the matching trade information and make available updated position information for clearing member review throughout the trading day. However, a matched trade reported by a particular exchange might not always be complete or accurate for a variety of reasons. A clearing member may need to modify or append additional information after the matched trade has been sent to OCC. For example, a clearing member may need to reflect that a transaction was either to open or close a position. In such cases, the reporting exchange would instruct OCC to disregard a previously reported matched trade and would report new matching trade information to replace the original transaction. No replacement matching trade information would be reported by an exchange if the previously reported matched trade was to be disregarded altogether. Because an exchange may instruct OCC to disregard a previously submitted matched trade, OCC proposes to amend Article VI, Section 7 of its by-laws to reflect that, in accordance with such an instruction, the matched trade would be deemed null and void and given no effect under the by-laws and rules. In addition, Section 7 would be amended to reflect that OCC would not be liable to any writer, holder, buyer, or seller in acting on an exchange's instruction to disregard a previously submitted trade. Article VII, Section 7 and Rules 401 and 402 also would be amended to eliminate references to the receipt of a report of matched trades. Instead, these provisions would reference the reporting of matching trade information by an exchange. Other by-law and rule provisions that describe the receipt of a

<sup>5</sup> See Article VI, Section 7 of OCC's by-laws and OCC Rule 401 for a description of the information required by OCC.

<sup>13</sup> 15 U.S.C. 78l(f) and 15 U.S.C. 78k-1.

<sup>14</sup> 17 CFR 240.11Aa3-2(c)(2).

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