

The Commission also finds that requiring the registration, examination and continuing education of chief compliance officers is within NASD Regulation's authority to prescribe standards of training, experience, and competence for persons associated with NASD members. Thus, the Commission finds that it is consistent with the Act to require that the chief compliance officer register as a Series 24 General Securities Principle.<sup>17</sup> The Commission also finds that it is appropriate to permit chief compliance officers whose activities are limited to particular areas of the investment banking or securities business to register as limited principals and take the appropriate exam corresponding to their subject area, if a corresponding exam exists and NASD Regulation finds that the exam adequately demonstrates a chief compliance officer's knowledge of the subject area.<sup>18</sup> Therefore, the Commission finds that it is appropriate to permit limited principal registration for chief compliance officers for members whose business is limited to Investment Company and Variable Contracts and Direct Participation Programs; to delete references to the Series 73, Government Securities Principal exam, in the test of the original proposed rule language, as it does not exist; and to require that chief compliance officers for member firms engaged in options-related business take the Series 24 exam, rather than the Series 4, Registered Options Principal exam. The Commission also finds that requiring chief compliance officers to participate in continuing education helps to ensure that chief compliance officers remain sufficiently knowledgeable to advise registered representatives and other principals on compliance issues, consistent with the requirements of the Act.

The Commission finds that the proposed grandfathering provision is a reasonable approach to implementing the new registration requirements, and notes that all grandfathered chief compliance officers will be subject to continuing education requirements. In addition, by requiring the firms with whom a grandfathered chief compliance officer has worked during the grandfathering period to conduct the same type of securities business, NASD Regulation ensures that those chief

compliance officers have had consistent substantive experience during the grandfathering period.

The Commission further notes that the grandfathering provision is effective on January 1, 2002, the proposed effective date of the rule change. Whether NASD Regulation actually implements the registration requirements for chief compliance officers on January 1, 2002 or delays the implementation for other reasons, the Commission has determined that the grandfathering provision for chief compliance officers for purposes of this rule will continue to be January 1, 2002. Thus, only those individuals who have been a chief compliance officer continuously from January 1, 2000–January 1, 2002 and who otherwise meet the other criteria set forth in this proposed rule change will be eligible for the grandfathering provision—regardless of when NASD Regulation actually implements the proposed rule change.

The Commission also finds that NASD Regulation's response to the commenter sufficiently address concerns relating to the attorney client privilege. The NASD's statutory obligation to ensure compliance with its rules and the federal securities laws is mandatory, and the Commission agrees that member firms are obligated to cooperate with the NASD in its investigations and actions to ensure compliance with the Act and the rules and regulations thereunder. The Commission also notes that the NASD has stated that it will recognize a validly asserted privilege. Finally, the Commission believes that member firms that employ attorneys to serve as both the chief compliance officers and legal counsel should be able to provide for the appropriate separation of these functions.

#### **V. Accelerated Approval for Amendment No. 3**

The Commission finds good cause for accelerating approval of Amendment No. 3 to the proposed rule change prior to the thirtieth day after publication in the **Federal Register**. The Commission notes that the Amendment provides useful clarifications to the proposed rule change. Accordingly, the Commission finds that good cause exists to accelerate approval of Amendment No. 3 to the proposed rule change.

#### **VI. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 3, including whether the amendment 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 NASD Regulation. All submissions should refer to the File No. SR–NASD–99–46, Amendment No. 3, and should be submitted by July 17, 2001.

#### **VII. Conclusion**

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,<sup>19</sup> that the proposed rule change (SR–NASD–99–46), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>20</sup>

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 01–15980 Filed 6–25–01; 8:45 am]

**BILLING CODE 8010–01–M**

#### **SMALL BUSINESS ADMINISTRATION**

##### **[Declaration of Disaster #3347; Amendment #1]**

##### **State of Texas**

In accordance with a notice received from the Federal Emergency Management Agency, dated June 18, 2001, the above-numbered Declaration is hereby amended to include Grimes and Harrison Counties in the State of Texas as disaster areas caused by Tropical Storm Allison occurring on June 5, 2001 and continuing.

In addition, applications for economic injury loans from small businesses located in Marion and Washington Counties in the State of Texas; and Caddo Parish in the State of Louisiana may be filed until the specified date at the previously designated location. Any counties contiguous to the above named primary counties and not listed here have been previously declared.

All other information remains the same, i.e., the deadline for filing

<sup>17</sup> The Commission notes that permitting chief compliance officers to choose between the NYSE's Series 14 examination and the NASD's Series 24 examination also should avoid imposing duplicative examination requirements on dual NASD/NYSE members. See Amendment No. 1, *supra* note 3.

<sup>18</sup> See Amendment No. 3, *supra* note 7.

<sup>19</sup> 15 U.S.C. 78s(b)(2).

<sup>20</sup> 17 CFR 200.30–3(a)(12).

applications for physical damage is August 8, 2001, and for loans for economic injury is March 8, 2002.

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

Dated: June 19, 2001.

**James E. Rivera,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 01-15915 Filed 6-25-01; 8:45 am]

**BILLING CODE 8025-01-P**

## SMALL BUSINESS ADMINISTRATION

### [Declaration of Disaster #3345; Amendment #2]

#### State of West Virginia

In accordance with a notice received from the Federal Emergency Management Agency, dated June 18, 2001, the above-numbered Declaration is hereby amended to include Preston County in the State of West Virginia as a disaster area caused by flooding, severe storms, and landslides beginning on May 15, 2001 and continuing.

In addition, applications for economic injury loans from small businesses located in Barbour, Monongalia, Tucker and Taylor Counties in the State of West Virginia; Garrett County in the State of Maryland; and Fayette County in the State of Pennsylvania may be filed until the specified date at the previously designated location. Any counties contiguous to the above named primary counties and not listed here have been previously declared.

The economic injury numbers assigned are 9L9500 for Maryland and 9L9600 for Pennsylvania.

All other information remains the same, i.e., the deadline for filing applications for physical damage is August 2, 2001, and for loans for economic injury is March 4, 2002.

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

Dated: June 19, 2001.

**James E. Rivera,**

*Acting Associate Administrator for Disaster Assistance.*

[FR Doc. 01-15914 Filed 6-25-01; 8:45 am]

**BILLING CODE 8025-01-P**

## DEPARTMENT OF STATE

### [Public Notice 3707]

#### Bureau of Nonproliferation; Imposition of Nonproliferation Measures Against a Chinese Entity, Including Ban on U.S. Government Procurement

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** A determination has been made that a Chinese entity has engaged in activities that require the imposition of measures pursuant to Section 3 of the Iran Nonproliferation Act of 2000.

**EFFECTIVE DATE:** June 14, 2001.

**FOR FURTHER INFORMATION CONTACT:** On general issues: Vann H. Van Diepen, Office of Chemical, Biological and Missile Nonproliferation, Bureau of Nonproliferation, Department of State, (202-647-1142). On U.S. Government procurement ban issues: Gladys Gines, Office of the Procurement Executive, Department of State, (703-516-1691).

**SUPPLEMENTARY INFORMATION:** Pursuant to sections 2 and 3 of the Iran Nonproliferation Act of 2000 (P.L. 106-178), the U.S. Government determined on June 11, 2001, that the measures authorized in section 3 of the Act shall apply to the following foreign entity identified in the report submitted pursuant to section 2(a) of the Act: Jiangsu Yongli Chemicals and Technology Import and Export Corporation (China) and any successor, sub-unit, or subsidiary thereof.

Accordingly, pursuant to the provisions of the Act, the following measures are imposed on this entity:

1. No department or agency of the United States Government may procure, or enter into any contract for the procurement of, any goods, technology, or services from the foreign person.

2. No department or agency of the United States Government may provide any assistance to the foreign person, and that person shall not be eligible to participate in any assistance program of the United States Government;

3. No United States Government sales to the foreign person of any item on the United States Munitions List (as in effect on August 8, 1995) are permitted, and all sales to that person of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated; and,

4. No new individual licenses shall be granted for the transfer to the foreign person of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and any existing such licenses are suspended.

These measures shall be implemented by the responsible departments and agencies of the United States Government and will remain in place for two years, except to the extent that the Secretary of State may subsequently determine otherwise. A new

determination will be made in the event that circumstances change in such a manner as to warrant a change in the duration of sanctions.

Dated: June 18, 2001.

**Robert J. Einhorn,**

*Assistant Secretary of State for Nonproliferation, U.S. Department of State.*

[FR Doc. 01-16009 Filed 6-25-01; 8:45 am]

**BILLING CODE 4710-25-P**

## DEPARTMENT OF STATE

### [Public Notice 3708]

#### Bureau of Nonproliferation; Imposition of Nonproliferation Measures Against a North Korean Entity, Including Ban on U.S. Government Procurement

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** A determination has been made that a North Korean entity has engaged in activities that require the imposition of measures pursuant to Section 3 of the Iran Nonproliferation Act of 2000.

**EFFECTIVE DATE:** June 14, 2001.

**FOR FURTHER INFORMATION CONTACT:** On general issues: Vann H. Van Diepen, Office of Chemical, Biological and Missile Nonproliferation, Bureau of Nonproliferation, Department of State, (202-647-1142). On U.S. Government procurement ban issues: Gladys Gines, Office of the Procurement Executive, Department of State, (703-516-1691).

**SUPPLEMENTARY INFORMATION:** Pursuant to sections 2 and 3 of the Iran Nonproliferation Act of 2000 (P.L. 106-178), the U.S. Government determined on June 11, 2001, that the measures authorized in section 3 of the Act shall apply to the following foreign entity identified in the report submitted pursuant to section 2(a) of the Act: Changgwang Sinyong Corporation (North Korea) and any successor, sub-unit, or subsidiary thereof.

Accordingly, pursuant to the provisions of the Act, the following measures are imposed on this entity:

1. No department or agency of the United States Government may procure, or enter into any contract for the procurement of, any goods, technology, or services from the foreign person;

2. No department or agency of the United States Government may provide any assistance to the foreign person, and that person shall not be eligible to participate in any assistance program of the United States Government;

3. No United States Government sales to the foreign person of any item on the United States Munitions List (as in