

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. The shares of the Money Market Funds sold to and redeemed by the Non-Money Market Funds will not be subject to a sales load, redemption fee or distribution fee under a plan adopted in accordance with rule 12b-1 under the Act. To the extent that both a Money Market Fund and a Non-Money Market Fund may charge a service fee (as defined in rule 2830(b)(9) of the NASD Conduct Rules), the Adviser will waive its advisory fee for each Non-Money Market Fund in an amount that offsets the amount of the service fee incurred by the Non-Money Market Fund.

2. Before the next meeting of the Board of a Non-Money Market Fund is held for the purpose of voting on an advisory contract with the Adviser or a Subadviser under section 15 of the Act, the Adviser and Subadviser will provide the Board with specific information regarding the approximate costs to the Adviser and Subadviser of, or portion of the advisory fee under the existing advisory contract with the Adviser and the Subadviser attributable to, managing the Uninvested Cash of the Non-Money Market Fund, the Board, including a majority of the Independent Trustees, shall consider to what extent, if any, the advisory fees charged to the Non-Money Market Fund by the Adviser and the Subadviser as a result of Uninvested Cash being invested in the Money Market Funds. The Non-Money Market Fund's minute books will record fully the Board's considerations in approving the advisory contract with the Adviser or a Subadviser, including the considerations relating to fees referred to above.

3. Each Non-Money Market Fund will invest Uninvested Cash in, and hold shares of, the Money Market Funds only to the extent that the Non-Money Market Fund's aggregate investment of Uninvested Cash in the Money Market Funds does not exceed 25 percent of the Non-Money Market Fund's total assets. For purposes of this limitation, each Non-Money Market Fund or series thereof will be treated as a separate investment company.

4. Investment of Cash Balances in shares of the Money Market Funds will be in accordance with each Non-Money Market Fund's respective investment restrictions, if any, and will be consistent with each Non-Money Market Fund's policies as set forth in its prospectus and statement of additional information.

5. The Non-Money Market Funds and the Money Market Funds will be advised by the Adviser or a person controlling, controlled by, or under common control with the Adviser.

6. No Money Market Fund will require securities of an investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

7. Before a Fund may participate in the Securities Lending Agreement, a majority of its Board, including a majority of the Independent Trustees, will approve the Fund's participation in the Securities Lending Agreement. The Board also will evaluate the Securities Lending Agreement and its results no less frequently than annually and determine that any investment of Cash Collateral in the Money Market Funds is in the best interest of the shareholders of the Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-18403 Filed 7-19-02; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46211; File No. SR-Phlx 2002-42]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Modified Capitalization Weighting Methodology for Index Options

July 16, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 1, 2002, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and approving the proposed rule change on an accelerated basis.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Exchange proposes to amend Phlx Rule 1009A(b), Designation of the Index, to delete, and then to repropose, modified capitalization weighting as an approved weighting methodology for index options so that there is no change to the actual present language of Rule 1009A(b). The following is the text of the proposed rule change. Language that is currently in the text of the rule, which is proposed to be deleted and immediately reinserted, is underlined.

Designation of the Index

Rule 1009A.

(a) No change.

(b)-(b)(1) No change.

(b)(2) The index is capitalization-weighted, price-weighted, *modified capitalization-weighted* or equal dollar-weighted, and consists of ten or more component securities;

(b)(3)-b(10) No change.

(b)(11) An equal dollar-weighted index will be rebalanced at least once every calendar quarter; *and a modified capitalization-weighted index will be rebalanced at least twice annually;*

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 self-regulatory organization 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 self-regulatory organization 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 purpose of the proposed rule change is to first delete, and immediately reinsert pursuant to Commission approval, language in Rule 1009A(b) relating to modified capitalization weighting as a permissible weighting methodology for narrow-based index options listed and traded pursuant to Rule 1009A(b). The language is currently in effect, inasmuch as it became immediately effective on March 1, 2002, pursuant an Exchange filing made pursuant to section

19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴

In 1998 the Commission adopted new Rule 19b-4(e),⁵ eliminating the requirement that a self-regulatory organization ("SRO") file a proposal under Section 19(b)(3)(A)⁶ to list and trade options on a narrow-based index, provided that the SRO has generic listing criteria approved by the Commission and meets certain other requirements. The Exchange is now seeking Commission approval, under section 19(b)(2) of the Act,⁷ of the addition of modified capitalization weighting as a permissible methodology in order to ensure the applicability of Rule 19b-4(e)⁸ to products which the Exchange may list and trade pursuant to Rule 1009A(b).⁹ With the affirmative Commission approval of the proposed rule change, Phlx will have greater assurance that it will be permitted under Rule 19b-4(e) to introduce new options that are based on narrow-based stock indexes using modified capitalization weighting, but without the Exchange having to file a proposal under Section 19(b)(3)(A) of the Act.¹⁰

As discussed in the Exchange's original filing made pursuant to section 19(b)(3)(A) of the Act,¹¹ the purpose of the language adding modified capitalization weighting as a permitted weighting methodology is to increase and diversify the number and types of securities products the Exchange may offer to the investing public. The reasons for the original proposal are set forth below and serve as the basis of the Exchange's current request for Commission approval under section 19(b)(2) of the Act.¹²

Increasingly, the Exchange receives requests to trade new indexes using the

modified capitalization weighting methodology. Accordingly, in order to accommodate those requests in a timely manner and respond to market demand, the Exchange seeks to permit this calculation methodology for narrow-based indexes. The Exchange wishes to accommodate these requests and proposes to add this methodology to the existing narrow based criteria set forth in Phlx Rule 1009A(b), which permits the listing of options on stock index groups pursuant to Rule 19b-4(e) under the Act.¹³ Use of the modified capitalization weighted methodology (in addition to the capitalization-weighted, price-weighted, or equal dollar-weighted methodologies) should allow the Exchange greater flexibility in developing indexes and facilitate the listing of options on stock industry index groups that more accurately reflect the industry represented by the index.

When determining the value using capitalization weighting methodology, the following calculation applies: multiply the primary exchange regular-way last sale price of each component security by the number of shares outstanding, add the result for each product and divide the sum by the current index divisor. The index value for a modified capitalization-weighted index is calculated in a similar manner. However, instead of using the actual number of shares outstanding, an adjusted number of shares outstanding are used in the calculation. (Thus, the following calculation applies: multiply the primary exchange regular-way last sale price of each component security by an adjusted number of shares outstanding, add the results for each product, and then divide the sum by the current index divisor). The adjusted number of shares is determined by a proprietary algorithm. When using the modified capitalization weighting, the Exchange will use a calculation methodology that will be clearly defined and will consist of objective standards in accordance with the generic criteria set forth in Phlx Rule 1009A. In addition, the terms of the index will be defined in the marketing materials describing a new index and in the circulars that the Exchange distributes to its members upon the launch of a new index option.

The modified capitalization weighting methodology uses an adjusted number of shares outstanding to prevent component companies with a relatively high market capitalization from representing an inordinately large portion of an index's value. For

example, inclusion of a company that is highly capitalized, in relation to the other smaller capitalized companies in the index, may result in the higher capitalized company's representation in the index exceeding 25% of the index's value. Thus, options on these indexes could not be listed on the Phlx. However, because use of the modified capitalization methodology permits a reduction in the higher capitalized company's representation in the index to an amount less than 25% of the index's value, the listing criteria of Phlx Rule 1009A(b)(6) are satisfied. Therefore, modifying the capitalization amounts of the securities underlying an index can prevent an individual stock from inappropriately skewing the performance of an entire index, thus market accuracy and transparency should be correspondently enhanced by use of the modified capitalization methodology. Currently, indexes such as the Nasdaq 100¹⁴ and Fortune e-50¹⁵ utilize modified capitalization weighting. Thus, it is an established calculation methodology that the Exchange seeks to capture in its listing standards.

Additionally, the Exchange will review the component weightings of indexes employing the modified capitalization weighting methodology at least semi-annually (or pursuant to then-existing standards), and if necessary, adjust them to ensure that the index continues to meet the weighting guidelines. Also, adjustments will be made on an intra-semi-annual basis, as necessary, to reflect corporate actions such as, share issuances, repurchases and other events of significance.

2. Statutory Basis

For these reasons, the Exchange believes that its proposal is consistent with section 6(b)¹⁶ of the Act in general, and furthers the objectives of section 6(b)(5),¹⁷ in that it is designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect the investors and the public interest, by encouraging and adding flexibility to the development of new indexes, thereby, increasing the amount of new products available to the investing public, consistent with the purposes of option listing standards. Specifically, the Exchange seeks to list

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6). See Securities Exchange Act Release No. 45622 (March 21, 2002), 67 FR 15269 (March 29, 2002).

⁵ 17 CFR 240.19b-4(e). See Securities Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952 (December 22, 1998).

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 240.19b-4(e).

⁹ Rule 19b-4(e) provides in relevant part that "[t]he listing and trading of a new derivative securities product by a self-regulatory organization shall not be deemed a proposed rule change * * * if the Commission has approved, pursuant to section 19(b) of the Act (15 U.S.C. 78s(b)), the self-regulatory organization's trading rules, procedures and listing standards for the product class that would include the new derivative securities product and the self-regulatory organization has a surveillance program for the product class (emphasis added)."

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 15 U.S.C. 78s(b)(2). To date, the Exchange has not listed and traded any modified capitalization weighted index options pursuant to Rule 1009A(b).

¹³ 17 CFR 240.19b-4(e).

¹⁴ The Nasdaq-100®, Nasdaq-100 Index®, and Nasdaq® are trade or service marks of The Nasdaq Stock Market, Inc.

¹⁵ The Fortune e-50® is a trade or service mark of the American Stock Exchange LLC.

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

new index options based on this calculation methodology pursuant to Rule 1009A(b), the Exchange's generic narrow-based index option rule. The Exchange believes that it will have greater assurance that such options are eligible for listing pursuant to Rule 19b-4(e)¹⁸ if the language regarding modified capitalization weighting as a permitted index weighting methodology is added to the text of Rule 1009A(b) pursuant to Commission approval.

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

The Exchange does not believe that the proposed rule change will impose any inappropriate 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 were neither solicited nor received.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change 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 at 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-PHLX-2002-42 and should be submitted by August 12, 2002.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

After careful review, the Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register** pursuant to section

19(b)(2) of the Act.¹⁹ The proposed rule change will enable the Exchange to provide investors access to certain narrow-based index options based upon modified capitalization weighted indexes more quickly than would be possible if the Exchange were required to a file proposed rule change for each such option. Acceleration of the Commission's approval order will permit the Exchange to begin eligibility of modified capitalization weighted indexes for narrow based index option trading, with the assurance that such indexes may underlie options to which Commission Rule 19b-4(e) applies. The Commission notes that the proposed rule change is significantly similar to the rules of another self-regulatory organization already approved by the Commission pursuant to section 19(b)(2) of the Act and does not raise novel regulatory issues.²⁰ Accordingly, the Commission finds that there is good cause, consistent with section 6(b)(5) of the Act,²¹ to approve the proposal on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²²

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-18402 Filed 7-19-02; 8:45 am]

BILLING CODE 8010-01-P

SOCIAL SECURITY ADMINISTRATION

Agency Information Collection Activities: Proposed Request and Comment Request

The Social Security Administration (SSA) publishes a list of information collection packages that will require clearance by the Office of Management and Budget (OMB) in compliance with Public Law 104-13 effective October 1, 1995, The Paperwork Reduction Act of 1995. The information collection packages that may be included in this notice are for new information collections, revisions to OMB-approved information collections and extensions (no change) of OMB-approved information collections.

SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information;

its practical utility; ways to enhance its quality, utility and clarity; and on ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology. Written comments and recommendations regarding the information collection(s) should be submitted to the OMB Desk Officer and the SSA Reports Clearance Officer at the following addresses: (OMB) Office of Management and Budget, Attn: Desk Officer for SSA, New Executive Office Building, Room 10235, 725 17th St., NW., Washington, DC 20503.

(SSA) Social Security Administration, DCFAM, Attn: Reports Clearance Officer, 1-A-21 Operations Bldg., 6401 Security Blvd., Baltimore, MD 21235.

I. The information collections listed below will be submitted to OMB within 60 days from the date of this notice. Therefore, your comments should be submitted to SSA within 60 days from the date of this publication. You can obtain copies of the collection instruments by calling the SSA Reports Clearance Officer at 410-965-0454, or by writing to the address listed above.

1. Employee Verification Service (EVS)

Background

Under Internal Revenue Service regulations, employers are required to provide wage and tax data to SSA using form W-2, Wage and Tax Statement or its electronic equivalent. As part of this process, the employer must furnish the employee's name and Social Security Number (SSN). This information must match SSA's records in order for the employee's wage and tax data to be properly posted to the Earnings Record. Information that is incorrectly provided to the Agency must be corrected by the employer using an amended reporting form, which is a labor-intensive and time-consuming process for both SSA and the employer. Therefore, to help ensure that employers provide accurate name and SSN information on their wage reports, SSA is offering the EVS service whereby employers can verify, via magnetic tape, cartridge, diskette, paper, and telephone, if the reported name and SSN of their employee matches SSA's records.

EVS Collection

SSA will use the information collected through the EVS to verify that the employee name and SSN information, provided by employers, matches SSA records. SSA will respond to the employer informing them only of matches and mismatches of submitted information. Respondents are employers

¹⁸ 17 CFR 240.19b-4(e).

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ See Securities Exchange Act Release No. 41557 (June 24, 1999), 64 FR 36055 (July 2, 1999) (Order approving File No. SR-Amex-99-09 to allow modified equal-dollar and modified capitalization weighting calculation methodologies for narrow based index options on the American Stock Exchange LLC).

²¹ 15 U.S.C. 78f(b)(5).

²² 17 CFR 200.30-3(a)(12).