C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to section 19(b)(3)(A) of the Act [9] and subparagraph (f)(6) of rule 19b–4[10] thereunder because it does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate and NASD has given the Commission written notice of its intention to file the proposed rule change at least five business days prior to filing. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. 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 in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the principal office of the Association. All submissions should refer to File No. SR–NASD–2002–146 and should be submitted by November 26, 2002.

[9] 15 U.S.C. 78s(b)(3)(A).

[10] 17 CFR 240.19b–4(f)(6).

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[11]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–28100 Filed 11–4–02; 8:45 am]

BILLING CODE 8010–01–P

[11] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–46735; File No. SR–OCC–2002–19]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Random Assignment Processing

October 28, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on August 15, 2002, The Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, and II below, which items have been prepared primarily by OCC. The Commission is publishing this notice and order 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 alters OCC's procedures for random assignment processing.

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.[2]

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

OCC proposes to refine its random assignment procedures for processing exercise notices. These procedures are not described in OCC's rules but are treated as a stated policy, practice, or interpretation with respect to Rule 803, which addresses assignments to clearing members.

Current Method

Under OCC's current random assignment process, an assignment ''wheel'' is created for each option series for which there is an exercise and all short positions of that series are placed on the wheel, starting with positions in the customers' account of the clearing member with the lowest identification number, followed by positions in other accounts of that clearing member, then by positions in the customers' account of the clearing member with the next lowest identification number, and so forth. The number of contracts exercised for that series is totaled. If the number of exercised contracts is less than the number of contracts held in open short positions, exercises are assigned in standard assignment increments of 25 contracts.[3] The system calculates a random starting point on the wheel for the first assignment increment. The first 25 contracts are assigned starting at the first position randomly chosen. Based on the number of contracts in the open interest for the series and the number of exercise increments to be assigned, a uniform skip interval is calculated as follows:

S = the total number of contracts being exercised for a particular series
T = the total number of contracts on the wheel
I = the assignment increment

1. T1 = S + I − 1;
2. T2 = T1/I, where T2 is an integer;
3. T3 = T/T2, where T3 is an integer;
4. Skip Interval = T3 ‘‘ 1, if I > than T3, skip interval = 0.

After the first assignment, the system skips the calculated skip interval, assigns the next 25 contracts, and skips again to the next assignment increment until all exercises are assigned.

Proposed Change

OCC is proposing minor modifications to its random assignment process. First, positions will be placed on the wheel in sequential order based on a unique data base identification code given to a position account (*i.e.*, an account or subaccount [4] that can hold

[1] 15 U.S.C. 78s(b)(1).

[2] The Commission has modified parts of these statements.

[3] If the number of contracts being exercised is equal to the number of open short positions, the entire open interest for that series will be assigned automatically.

[4] In a combined market-makers' account, positions of individual market-makers are assigned unique acronyms and are not netted against each other for reporting purposes. Each market-maker acronym is treated as a separate ''position account.''

positions). Thus, a position account of a clearing member that had been added after the initial allocation of data base identification codes will not be clustered on the wheel adjacent to the other position accounts of that clearing member as is the case today.

Second, the skip interval calculation described above is slightly modified as follows:

S = the total number of contracts being exercised for a particular series

T = the total number of contracts on the wheel

I = the assignment increment

1. T1 = S/I (with decimals carried to six places; T1 is rounded up so that it is an integer)
2. Initial Skip Interval = (T/T1) − I (with decimals carried to six places and reserved for further use; decimals are truncated so that the initial skip interval is an integer)
3. If the initial skip interval is < 0, then the initial skip increment is = 0.

Assignments will be processed using the revised skip interval calculation. After the random starting point has been determined and the first 25 contracts have been assigned, the initial skip interval will be calculated. The decimals from the resulting total will be truncated to determine the first skip interval and will be stored to calculate the second skip interval. After first skip interval, the next 25 contracts will be assigned and the second skip interval will be calculated by adding the initial skip interval (including decimals) to the remaining decimal number from the truncated first skip interval. The decimals from the resulting total will be truncated and stored to calculate the third skip interval. This process will continue until all exercises have been assigned.

The proposed change in method by which positions are placed on an assignment wheel will substantially reduce the system processing time needed to create the assignment wheel, and would thereby improve overall system efficiency. The proposed change to the skip interval formula will further refine the calculation. Truncating the calculated skip interval to produce a uniform skip interval that is less than the calculated interval may cause a slightly smaller number of exercises to be assigned to positions at the end of the wheel (*i.e.*, just before the random starting point).[5] The proposed modification to the skip interval formula will lessen the effect of truncating the calculated skip interval and will thereby smooth the distribution of assignments.

OCC believes that the proposed rule change is consistent with Section 17A of the Act because it enhances OCC's procedures for random assignment processing and therefore, helps to perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of Section 17A(b)(3)(F).[6] Section 17A(b)(3)(F) requires that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism for a national system for the prompt and accurate clearance and settlement of securities transactions. The Commission believes that the proposed rule change is consistent with this requirement because the changes to the skip interval calculation will improve the efficiency of OCC's assignment process and will result in a more uniform distribution of assignments among OCC's clearing members with short positions.

OCC has requested that the Commission approve this rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication of notice because by so approving OCC will be able to implement the necessary system changes in connection with other system changes which are scheduled for implementation in early November 2002.

IV. 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 in the Commission's Public Reference Section, 450 Fifth Street NW, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the File No. SR-OCC–2002–19 and should be submitted by November 26, 2002.

V. 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 with the requirements of Section 17A of the Act and the rules and regulations thereunder applicable.

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

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[7]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–28099 Filed 11–4–02; 8:45 am]

BILLING CODE 8010–01–P

SOCIAL SECURITY ADMINISTRATION

Agreement on Social Security between the United States and Australia; Entry Into Force

AGENCY: Social Security Administration (SSA).

ACTION: Notice.

SUMMARY: The Commissioner of Social Security gives notice that an agreement

[5] Truncating is necessary because fractional contracts cannot be assigned.

[6] 15 U.S.C. 78q-1(b)(3)(I).

[7] 17 CFR 200.30–3(a)(12).