

consistent with section 6(b) of the Act<sup>6</sup> in general, and section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices, and protect investors and the public interest by promoting the efficient processing and maintenance of the Exchange's membership, approved lessor, foreign currency options participation and inactive nominee lists and files.

#### *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*

The Exchange neither solicited nor received written comments.

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

The proposed rule change, as amended, has become effective on October 28, 2002, the date of filing of Amendment No. 1, pursuant to section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and subparagraph (f)(3) of Rule 19b-4 thereunder<sup>9</sup> because it is concerned solely with the administration of the Exchange. At any time within 60 days of the filing of such 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, 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 Section. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-Phlx-2002-46 and should be submitted by November 29, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-28284 Filed 11-6-02; 8:45 am]

**BILLING CODE 8010-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-46758; File No. SR-Phlx-2002-11]

### **Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Proposing to Amend Phlx Rule 201A(b), Alternate Specialist Assignment**

October 31, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 11, 2002, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange"), 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 by Phlx. The Exchange filed Amendment No. 1 with the Commission on September 10, 2002.<sup>3</sup> 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 Phlx proposes to amend Phlx Rule 201A(b), Alternate Specialist Assignment, to delete restrictions on

members, member organizations and persons affiliated with member organizations from acting as an alternate specialist while that member, member organization or person affiliated with member organization is either a specialist in the options overlying the equity issue or a Registered Options Trader ("ROT") with an assignment in the overlying options. The text of the proposed rule change is set forth below. Deleted text is in brackets.

Rule 201A (a) No change.

(b) *Assignment.* The Allocation, Evaluation and Securities Committee may assign one or more alternate specialists in a particular equity issue and may assign an alternate specialist to one or more equity issues after consultation with the Floor Procedure Committee. [No alternate specialist shall be assigned in an equity issue in which the alternate specialist, or any person associated with the alternate specialist or the member organization with which the alternate specialist is affiliated, is either a specialist in the options overlying that equity issue, or a Registered Options Trader with an assignment in the overlying options].

(c) No change.

### **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. Phlx 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 delete restrictions on assignment of members and member organizations as alternate specialists if the member, member organization or persons affiliated with the member is the options specialist or an assigned ROT in the options overlying the equity issue. The Phlx does not have any similar restrictions on registered equity specialists (*i.e.*, primary specialists), their members or affiliated persons of such member organizations, nor is there a Commission rule on point. The Phlx believes that in an era of intense

<sup>6</sup> U.S.C. 78f(b).

<sup>7</sup> U.S.C. 78f(b)(5).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(3).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> On September 10, 2002, the Exchange filed a Form 19b-4, which replaced the original filing in its entirety ("Amendment No. 1"). In Amendment No. 1, the Exchange enhanced the purpose of the proposed rule change.

competitive market making in multiple market centers, with continued consolidation of broker-dealer specialist units operating on multiple markets, the restriction on *alternate* specialist privileges because a member organization has a ROT assigned in the overlying options or is the options specialist on the Phlx is no longer relevant or appropriate.

The instant restrictions were approved by the Commission in 1987.<sup>4</sup> According to the Phlx, the order makes only cursory reference to the restrictions and gives no rationale for them. Given the fact that there are no comparable restrictions on *primary* equity specialists at the Phlx, as well as the fact that appointments of alternate specialists and their association or affiliation with either a firm that is the specialist in the overlying option or with a ROT would be monitored by the Phlx's Market Surveillance Department to ensure compliance with Phlx and Commission rules, the Phlx does not believe the present restrictions are appropriate. The Phlx notes that its alternate specialist program allows existing registered Phlx equities specialists to provide liquidity on demand in the execution of customer orders in certain other securities traded on the Exchange and in other market centers.

The Phlx's Market Surveillance and Examinations Departments maintain and review any account activity of alternate specialists. Should the restrictions on appointment be deleted, the Phlx's Market Surveillance Department would coordinate their reviews of any corresponding options activity by an alternate specialist's member firm that may be a registered options specialist or have an affiliated ROT active in the related options to assure compliance with Phlx.

The Phlx believes that deleting the restriction on alternate specialist appointment on the Phlx, generally a non-primary market for equities and other securities, would be consistent with the Commission's previous approval of proposals by several of the regional stock exchanges to allow stock specialists on those exchanges to take positions (not limited to hedging positions) in listed options on their specialty stock.<sup>5</sup> Specifically, the Phlx

notes that the Commission staff Report of the Special Study of the Options Markets<sup>6</sup> cited the fact that the Commission determined to permit specialists and odd-lot dealers on the floors of the regional stock exchanges (Chicago Stock Exchange, Inc., Pacific Exchange, Inc., and the Phlx) to trade options on their specialty stocks and to allow floor traders on those exchanges to trade listed options with respect to underlying securities in which such floor traders held a position.<sup>7</sup> Further, in the Options Study, the staff noted that "the Commission was of the view that the potential for manipulative activity that might result from such "concurrent trading" was "relatively insignificant" on the secondary stock exchanges due to the small percentage of stock order flow directed to them."<sup>8</sup>

Further, the Phlx notes that Phlx *primary* equity specialists may already take non-hedged positions in overlying options directly and are not restricted from being associated with the options specialist or having an associated ROT trade in the overlying options. In addition, the Commission recently approved an American Stock Exchange LLC ("Amex") proposal that permitted limited side-by-side trading and integrated market making in certain securities (specified Exchange-Traded Fund Shares ("ETFs") or Trust Issued Receipts ("TIRs")) and their related options under certain conditions, as well as allowed limited integrated market making by permitting specialists in securities admitted to dealings on an unlisted basis to act as specialists, or other registered market makers in the related options provided certain exchange-approved information barriers are established and enforced.<sup>9</sup>

The Phlx believes that a Phlx alternate specialist will have little or no competitive or market informational advantages accruing to him or his firm in part due to the physical separation of the Phlx options and equity trading floors. The Phlx alternate equity specialist in an underlying security is physically separated from where an options specialist unit or an associated ROT would trade options and therefore, the Phlx believes that alternate specialists would have limited opportunities or abilities to engage in

any potential manipulative or other improper trading practices.

On the Phlx, an alternate specialist's primary function is to afford an opportunity to assist in providing liquidity on the Phlx market if requested by the Phlx registered equity specialist. The Phlx believes that it is, therefore, rather doubtful that any possible conflicts between stock and options market making obligations may arise.

The Phlx believes it is inappropriate to restrict alternate specialist assignment due to the affiliation with an options specialist unit or an associated ROT in an environment of multiple market centers participating in trading of the equities and overlying options when the Phlx primary equities specialist is allowed to have such affiliations.

## 2. Basis

The Phlx believes that proposed rule change is consistent with section 6 of the Act<sup>10</sup> in general, and with section 6(b)(5) of the Act,<sup>11</sup> in particular, in that it is designed to promote just and equitable principles of trade, prevent fraudulent and manipulative acts and practices and protect investors and the public interest by expanding the number of actively trading broker-dealers eligible to act as alternate specialists to increase liquidity and competitiveness of the Exchange's equities trading floor.

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

The Phlx does not believe that the proposed rule change will impose any burden on competition that is 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 Phlx has neither solicited nor received written comments with respect to the proposed rule change.

## 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 Phlx consents, the Commission will:

<sup>4</sup> See Securities Exchange Act Release No. 24820 (August 19, 1987), 52 FR 32235 (August 26, 1987) (SR-Phlx-87-04).

<sup>5</sup> See, e.g., Securities Exchange Act Release Nos. 13269 (February 16, 1977), 11 SEC Docket 1741 (March 1, 1977); 13270 (February 16, 1977); 11 SEC Docket 1742 (March 1, 1977), 13271 (February 16, 1977), 11 SEC Docket 1743 (March 1, 1977); and 13272 (February 16, 1977), 11 SEC Docket 1744 (March 1, 1977).

<sup>6</sup> See Report of the Special Study of the Options Markets to the Securities and Exchange Commission, H.R. Rep. No. IFC 3, 96th Cong. 1st sess. (Comm. Print 1978) ("Options Study").

<sup>7</sup> See *supra* note 5.

<sup>8</sup> See Options Study, *supra* note 6 at pp. 872-873.

<sup>9</sup> See Securities Exchange Act Release No. 46213 (July 16, 2002), 67 FR 48232 (July 23, 2002) (SR-AMEX-2002-21).

<sup>10</sup> 15 U.S.C. 78f.

<sup>11</sup> 15 U.S.C. 78f(b)(5).

(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 Phlx. All submissions should refer to File No. SR-Phlx-2002-11 and should be submitted by November 29, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

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

[FR Doc. 02-28330 Filed 11-6-02; 8:45 am]

BILLING CODE 8010-01-P

#### DEPARTMENT OF STATE

[Public Notice 4201]

##### Culturally Significant Objects Imported for Exhibition Determinations: "Einstein: Changing the World"

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236 of October 19, 1999,

as amended, I hereby determine that the object to be included in the exhibition "Einstein: Changing the World," imported from abroad for temporary exhibition within the United States, is of cultural significance. The objects are imported pursuant to a loan agreement with the foreign owner. I also determine that the exhibition or display of the exhibit objects at the American Museum of Natural History, New York, NY from on or about November 10, 2002 to on or about August 10, 2003, the Field Museum, Chicago, IL from on or about October 18, 2003 to on or about January 11, 2004, the Museum of Science, Boston, MA from on or about March 13, 2004 to on or about June 6, 2004, the Skirball Cultural Center, Los Angeles, CA from on or about September 9, 2004 to on or about May 29, 2005, and at possible additional venues yet to be determined, is in the national interest. Public Notice of these Determinations is ordered to be published in the **Federal Register**.

**FOR FURTHER INFORMATION CONTACT:** For further information, including a list of the exhibit objects, contact Carol B. Epstein, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State, (telephone: (202) 619-6981). The address is U.S. Department of State, SA-44, 301 4th Street, SW., Room 700, Washington, DC 20547-0001.

Dated: November 1, 2002.

**Patricia S. Harrison,**

*Assistant Secretary for Educational and Cultural Affairs, Department of State.*

[FR Doc. 02-28397 Filed 11-6-02; 8:45 am]

BILLING CODE 4710-08-P

#### DEPARTMENT OF STATE

[Public Notice 4200]

##### Culturally Significant Objects Imported for Exhibition Determinations: "Great Asian Dinosaurs"

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236 of October 19, 1999, as amended, I hereby determine that the object to be included in the exhibition "Great Asian Dinosaurs," imported from abroad for temporary exhibition within

the United States, is of cultural significance. The objects are imported pursuant to a loan agreement with the foreign owner. I also determine that the exhibition or display of the exhibit objects at The Museum of Arts and Sciences, Daytona Beach, FL from on or about February 20, 2003 to on or about June 20, 2003, and at possible additional venues yet to be determined, is in the national interest. Public Notice of these Determinations is ordered to be published in the **Federal Register**.

**FOR FURTHER INFORMATION CONTACT:** For further information, including a list of the exhibit objects, contact Carol B. Epstein, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State, (telephone: (202) 619-6981). The address is U.S. Department of State, SA-44, 301 4th Street, SW., Room 700, Washington, DC 20547-0001.

Dated: November 1, 2002.

**Patricia S. Harrison,**

*Assistant Secretary for Educational and Cultural Affairs, Department of State.*

[FR Doc. 02-28396 Filed 11-6-02; 8:45 am]

BILLING CODE 4710-08-P

#### DEPARTMENT OF STATE

[Public Notice 4151]

##### Overseas Security Advisory Council (OSAC) Renewal

The Department of State has renewed the Charter of the Overseas Security Advisory Council. This advisory council will continue to interact on overseas security matters of mutual interest between the U.S. Government and the American private sector. The Council's initiatives and security publications provide a unique contribution to protecting American private sector interests abroad. The Under Secretary for Management has determined that the Council is necessary and in the public interest.

The Council consists of representatives from four (4) U.S. Government agencies and thirty (30) American private sector companies and organizations. The Council will follow the procedures prescribed by the Federal Advisory Committee Act (FACA) (Pub. L. 92-463). Meetings will be open to the public unless a determination is made in accordance with section 10(d) of the FACA, 5 U.S.C. 552b(c)(1) and (4), that a meeting or a portion of the meeting should be closed to the public. Notice of each meeting will be provided in the **Federal Register** at least 15 days prior to the meeting.

For more information contact Marsha Thurman, Overseas Security Advisory

<sup>12</sup> 17 CFR 200.30-3(a)(12).