

called MyOCC that will provide a unified access point from which clearing members will be able to obtain information from various applications contained within MyOCC for which the clearing member is authorized to have access. Access to MyOCC will be available to clearing members through the internet, existing enhanced clearing member interface terminals, or dedicated leased lines. To the extent clearing members elect to access OCC's information and data systems through internet connections, the Supplement specifies requirements relating to access codes, registration, authorization, and security.

This Supplement is structured to fit within OCC's existing framework of the "Agreement for OCC Services".⁵ Provisions of the Supplement, which are generally self-explanatory, describe the respective responsibilities of the clearing member and OCC. Section 1 describes the scope of information and data systems that will be made available through the internet. Section 2 creates a requirement on the part of the clearing member to maintain a backup communication channel as a means to obtain access to OCC's information and data systems. Sections 3 and 4 set forth criteria relating to the right to use internet access. Section 5 allocates responsibility relating to the confidentiality and security of access codes. That section also requires the clearing member to provide information as may be necessary to register its authorized users for internet access and to maintain its own equipment. Section 5 also requires the clearing member to represent and warrant that it is authorized to obtain internet access on behalf of a managed clearing member. Sections 6 through 9 set forth further rights and responsibilities of the parties including limitations on liability, indemnification, and termination provisions, *etc.* Section 10 discloses that OCC may monitor the use of internet access to ensure compliance with the Supplement. Section 11 contains general terms including interpretation, severability, waiver, survival, and governing law.

The proposed rule change is consistent with section 17A of the Act because it promotes new data processing and communications techniques resulting in more efficient, effective, and safe procedures for clearance and settlement activities.

(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

Within thirty-five 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 ninety 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 self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

VI. 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-2001-09 and should be submitted by June 24, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45993; File No. SR-OCC-2002-05]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Closing Values for Index Options

May 29, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on March 4, 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 Rule 1804 to authorize OCC if it cannot obtain a closing value for an underlying index on the last trading day before expiration to fix a closing price for an index for exercise by exceptions purposes on whatever basis it deems appropriate, including using the most recent index value available.

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

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.

⁵ See Securities Exchange Act Release No. 21015, 49 FR 23971 (June 4, 1984) (File No. SR-OCC-84-7) for the text of the Agreement for OCC Services.

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

OCC proposes amend the term "closing price" as defined in Rule 1804, which sets forth the "exercise by exception" processing procedure for index options. Exercise by exception is the procedure by which options that are in the money at expiration by more than a specified amount are exercised unless the clearing member carrying the position directs otherwise and options that are in the money by less than the specified amount are not exercised unless the carrying clearing member directs otherwise. An option is considered in the money for exercise by exception processing if the "closing price" of the underlying interest at expiration is more (in the case of a call) or less (in the case of a put) than the option's exercise price.

The term "closing price"³ is defined for underlying securities by Rule 805 and for underlying indexes by Rule 1804. Rule 805 generally sets forth OCC's expiration date exercise procedures, including exercise by exception rules for equity options. In 1999, Rule 805 was amended to provide that if an underlying security did not trade on its primary market on the last trading day before expiration or if it did trade but OCC was unable to obtain a closing price, OCC could choose to exercise its discretion to fix a closing price on whatever basis it deemed appropriate including using the last sale price on the most recent trading day for which a price was available.⁴ However, no parallel change was made to Rule 1804.

If there is no reported closing value for an underlying index on the last trading day before expiration, there is no "closing price" for that index for exercise by exception purposes. This result could create operational problems for clearing members and other securities firms whose customer agreements contain provisions that expiring options will be exercised only if OCC's closing price for the underlying interest exceeds (in the case of a call) or is less than (in the case of a put) the exercise price by the OCC specified threshold (unless a customer instructs otherwise). Accordingly, the proposed

modifications to Rule 1804 authorize OCC to fix a "closing price" for an underlying index on whatever basis it deems appropriate (including using the most recent index value available) if a closing value is not reported to or obtainable by OCC on the trading day preceding expiration. This change gives OCC the same authority to fix a closing price for index options as it has for equity options under Rule 805.

OCC believes that the proposed rule change is consistent with the purposes and requirements of section 17A of the Act because it promotes the prompt clearance and settlement of expiring index options.

(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 foregoing rule change has become effective pursuant to section 19(b)(3)(A)(i) of the Act⁵ and Rule 19b-4(f)(1)⁶ promulgated thereunder because the proposal constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of OCC. At any time within sixty 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.

VI. 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-2002-05 and should be submitted by June 28, 2002.

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

Margaret H. McFarland,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Notice of Sale of Business and Disaster Assistance Loans

AGENCY: Small Business Administration.

ACTION: Notice of sale of Business and Disaster Assistance Loans—Loan Sale #6.

SUMMARY: This notice announces the intention of the Small Business Administration (SBA) to sell approximately 30,000 secured and unsecured business and disaster assistance loans, (collectively referred to as the Loans). The total unpaid principal balance of the Loans is approximately \$690 million. This is the sixth sale of loans originated under the SBA's Business Loan Programs and the fifth sale of Disaster Assistance Loans (both business and home loans). SBA previously guaranteed some of the Loans under various sections of the Small Business Act, as amended, 15 U.S.C. 695 *et seq.*; however, any SBA guarantees have been paid and no SBA guaranty is available to the successful bidder in this sale. The majority of the Loans were originated and are serviced by SBA. The collateral for the secured Loans includes commercial and residential real estate and other business and personal property located nationwide. This notice also summarizes the bidding process for the Loans.

³ The closing price of an underlying equity is normally the last reported sale price on the OCC-designated primary market on the last trading day before expiration. The closing price of an index is the index level at the close of trading on the last trading day before expiration.

⁴ Securities Exchange Act Release No. 41089 (February 23, 1999), 64 FR 10051 [File No. SR-OCC-98-14].

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(f)(2).

⁷ 17 CFR 200.30-3(a)(12).