3. The Postal Service's request, dated January 30, 2003, for leave to file the report is granted.

4. The Secretary shall arrange for publication of this notice in the **Federal Register.**

By the Commission.

Issued: March 19, 2003.

Steven W. Williams,

Secretary.

[FR Doc. 03–6999 Filed 3–24–03; 8:45 am]

BILLING CODE 7710–FW–P

UNITED STATES POSTAL SERVICE BOARD OF GOVERNORS

Sunshine Act Meeting

TIMES AND DATES: 1 p.m., Monday, March 31, 2003; 8:30 a.m., Tuesday, April 1, 2003.

PLACE: Washington, DC, at U.S. Postal Service Headquarters, 475 L'Enfant Plaza, SW., in the Benjamin Franklin Room.

STATUS: March 31—1 p.m. (Closed); April 1—8:30 a.m. (Open).

MATTERS TO BE CONSIDERED:

Monday, March 31—1 p.m. (Closed)

1. Strategic Planning.
2. Amendment to Board of Governors Bylaws.
3. Financial Performance.
4. Rate Case Planning.
5. Capital Investment for Ventilation and Filtration System (VFS) for Mail Processing Equipment.
6. Unresolved Audit Recommendation.
7. Personal Matters and Compensation Issues.

Tuesday, April 1—8:30 a.m. (Open)

1. Minutes of the Previous Meeting, March 3–4, 2003.
2. Remarks of the Postmaster General and CEO.
3. Quarterly Report on Service Performance.
4. Quarterly Report on Financial Performance.
5. Fiscal Year 2003 Supplemental Appropriation Request for Emergency Preparedness Costs.
6. Capital Investments.
   a. Self Service Platform.
   b. Advanced Funding Request for the James A. Farley Processing and Distribution Center Sale Transition and Redevelopment.
7. Tentative Agenda for the May 5–6, 2003, meeting in Chicago, Illinois.

CONTACT PERSON FOR MORE INFORMATION: William T. Johnstone, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, SW., Washington, DC 20260–1000. Telephone (202) 268–4800.

William T. Johnstone,

Secretary.

[FR Doc. 03–7257 Filed 3–21–03; 2:28 pm]

BILLING CODE 7710–12–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 33–8207, File No. S7–05–03]

Securities Uniformity; Annual Conference on Uniformity of Securities Laws

AGENCY: Securities and Exchange Commission.

ACTION: Notice of conference; request for comments.

SUMMARY: The Commission and the North American Securities Administrators Association, Inc. are requesting comments on the proposed agenda for their annual conference to be held on April 7, 2003. The purpose of the conference is to further the objectives of section 19(d) of the Securities Act of 1933, principally to increase cooperation between the Commission and state securities regulatory authorities in order to maximize the efficiency and effectiveness of securities regulation.

DATES: The conference will be held on April 7, 2003. We must receive comments by April 3, 2003 in order to consider them for discussion at the conference.

ADDRESSES: To help us process and review your comments more efficiently, comments should be sent by one method only. Please send three copies of written comments to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549–0609. Comments may also be sent electronically to the following e-mail address: *rule-comments@sec.gov*. Comment letters should refer to File No. S7–05–03; if e-mail is used, please include this file number on the subject line. Anyone can inspect and copy the comment letters in our Public Reference Room, 450 5th Street, NW., Washington, DC 20549–0102. All electronic comment letters will be posted on the Commission's internet Web site (*http://www.sec.gov*).[1]

[1] We do not edit personal identifying information, such as names and e-mail addresses, from electronic submissions. Therefore, you should submit only information you wish to make publicly available.

FOR FURTHER INFORMATION CONTACT: Marva Simpson, Office of Small Business Policy, Division of Corporation Finance, U.S. Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549–0310, (202) 942–2950.

SUPPLEMENTARY INFORMATION:

I. Discussion

The Federal government and the states have jointly regulated securities offerings and the securities industry in the United States since the adoption of the first federal securities statute, the Securities Act of 1933 (the ''Securities Act'').[2] Companies trying to raise capital in our securities markets, as well as participants in the secondary trading markets, must comply with all applicable federal and state securities laws and regulations. Parties involved in the securities markets have long recognized the need to increase cooperation between the federal and state regulatory systems to facilitate capital formation while retaining necessary investor protections.

Congress endorsed more uniformity in securities regulation with the enactment of section 19(d) of the Securities Act[3] in the Small Business Investment Incentive Act of 1980.[4] Section 19(d) authorizes the Commission to cooperate with an association of state securities regulators that can assist in achieving such uniformity. The North American Securities Administrators Association (''NASAA'') fulfills that function.[5] Section 19(d) requires the Commission to cooperate with NASAA to:

- maximize the effectiveness of regulation;
- maximize uniformity in federal and state regulatory standards;
- minimize interference with the capital formation;
- reduce the cost and paperwork burdens of raising investment capital, particularly by small business; and
- reduce administration costs of the government programs involved.

The Commission is required under Section 19(d) to conduct an annual conference to establish ways to achieve these goals.

[2] 15 U.S.C. 77a *et seq.*

[3] 15 U.S.C. 77s(d). Section 19(d) was enacted originally as section 19(c) of the Securities Act but was renumbered by section 108 of the Sarbanes-Oxley Act of 2002, Pub. L. 107–204, 116 Stat. 745 (July 30, 2002).

[4] Pub. L. 96–477, 94 Stat. 2275 (Oct. 21, 1980).

[5] NASAA is an association of securities administrators from each of the 50 states, the District of Columbia, Puerto Rico, Mexico and 12 Canadian provinces and territories.

II. 2003 Conference

The Commission and NASAA are planning the 2003 Conference on Federal-State Securities Regulation, scheduled be held on April 7, 2003 in Washington, DC. The 2003 conference will be the twentieth such conference to be held pursuant to the directive in section 19(d) of the Securities Act. At the conference, Commission and NASAA representatives will divide into working groups in the areas of corporation finance, market regulation and oversight, investment management, investor education, and enforcement. Each group will discuss methods to enhance cooperation in securities matters and improve the efficiency and effectiveness of federal and state securities regulation. Generally, to encourage open and frank discussion, only Commission and NASAA representatives may attend the conference. Each working group, however, in its discretion may invite specific self-regulatory organizations (''SROs'') to attend and participate in certain sessions.

The Commission and NASAA are preparing the conference agenda. We invite the public, securities associations, SROs, agencies, and private organizations to participate by submitting written comments on the issues set forth below. In addition, we request comment on other appropriate subjects. We will make the comments available to all conference attendees.

III. Tentative Agenda and Request for Comments

The tentative agenda for the conference includes the topics discussed below in the areas of corporation finance, market regulation, investment management, investor education and assistance, and enforcement.

(1) Corporation Finance Issues

A. Commission Rules Implementing the Sarbanes-Oxley Act and other Recent Rulemaking; Impact on Smaller Companies

In the wake of a series of corporate and accounting scandals, President George W. Bush signed into law the Sarbanes-Oxley Act of 2002 (the ''Sarbanes-Oxley Act'') on July 30, 2002.[6] Among other things, the Act directs the Commission to promulgate rules and regulations that will improve the quality of corporate disclosure and financial reporting, strengthen the independence of auditing firms, and increase the responsibility of management for corporate disclosures and financial statements.

The Sarbanes-Oxley Act specified that many of the new rules had to be effective within 180 days of enactment. We have already issued a number of final rules under the Sarbanes-Oxley Act and intend to issue the remaining final rules within the mandated time frames.

The final rules relevant to the 19(d) conference include the following:[7]

- Release 34–46421—August 27, 2002—Ownership Reports and Trading by Officers, Directors, and Principal Security Holders.
- Release 33–8124—August 28, 2002—Certification of Disclosure in Companies' Quarterly and Annual Reports.
- Release No. 33–8176—January 22, 2003—Conditions for Use of Non-GAAP Financial Measures.
- Release No. 34–47225—January 22, 2003—Insider Trades During Pension Fund Blackout Periods.
- Release No. 33–8177—January 23, 2003—Disclosure Required by Sections 406 and 407 of the Sarbanes-Oxley Act of 2002.
- Release No. 33–8182—January 28, 2003—Disclosure in Management's Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations.
- Release No. 33–8183—January 28, 2003—Strengthening the Commission's Requirements Regarding Auditor Independence.
- Release 33–8185—January 28, 2003—Implementation of Standards of Professional Conduct for Attorneys.

Smaller companies have expressed concerns with respect to several of the Commission's recent proposed and final rules, including:

- The ability of smaller companies to meet the evaluation and reporting requirements for a company's internal controls and procedures for financial reporting and its disclosure controls and procedures with respect to annual and quarterly reports.
- The requirement relating to including an audit committee financial expert on a company's audit committee, given the difficulty small companies have in finding qualified board members.
- The increase in Form 8–K filings that would result from adoption of the Commission's proposed release on Form 8–K disclosure requirements, which would add 11 new items to the current list of items requiring the filing of a Form 8–K, accelerate the filing requirement to two days, move two disclosure items currently required to be included in companies' annual and quarterly reports to Form 8–K and amend several of the existing Form 8–K disclosure items.[8]
- The additional audit costs that may result from adoption of the Commission's proposed rules on disclosure of critical accounting policies.[9]
- The additional costs and obligations imposed under the Commission's new rule on auditor independence and proposed rule on standards relating to listed company audit committees.[10]

Since many of these concerns result from recent actions, their cumulative effects on smaller public companies are difficult to assess. We expect the agenda for the conference to include a discussion of the impact of the Sarbanes-Oxley Act and other recent corporate governance and disclosure reforms on smaller public companies and whether accommodations are necessary or desirable. Conferees are encouraged to discuss initiatives aimed at improving the financial reporting and disclosure system. The Division may take the information developed in these discussions into account in determining whether and how to consider the impact of the Sarbanes-Oxley Act on smaller companies.

B. Transactions Involving ''Qualified Purchasers''

Under section 18 of the Securities Act, transactions involving ''qualified purchasers'' are subject to registration under the federal securities laws only and not under state securities laws.[11] The term ''qualified purchaser'' is not defined in the statute and must be defined by the Commission. On December 19, 2001, we published a release proposing a definition for the term ''qualified purchaser.'' The release proposed to add the definition as an amendment to Rule 146 under the Securities Act.[12] As proposed, ''qualified purchaser'' would be defined to have the same meaning as the term ''accredited investor'' under Rule 501 of Regulation D.[13] If adopted, securities

[6] Sarbanes-Oxley Act of 2002, Pub. L. 107–204, 116 Stat. 745 (July 30, 2002).

[7] The Commission also adopted rules that would accelerate the periodic reporting filing dates and require disclosure concerning Web site access to reports. Release No. 33–8128 (Sept. 5, 2002) [67 FR 58480].

[8] Release No. 33–8106 (June 17, 2002) [67 FR 42914].

[9] Release No. 33–8098 (May 10, 2002) [67 FR 35620].

[10] Release Nos. 34–47137 (January 8, 2003) [68 FR 2638], 33–8183 (January 28, 2003) [68 FR 6006].

[11] 15 U.S.C. 77r.

[12] Release No. 33–8041 (Dec. 19, 2001) [66 FR 66839].

[13] 17 CFR 230.501.

offered or sold to a qualified purchaser would not be subject to state registration requirements but only to federal requirements. The public comment period on the proposal closed on February 25, 2002. The Commission staff is in the process of reviewing all the comments. The agenda for the meeting will include a discussion of the proposal by the participants.

C. Regulation A

The agenda for the meeting will include consideration of possible revisions to the Commission's Regulation A exemption from the registration requirements of the Securities Act.[14] As presently constituted, Regulation A permits the offer and sale of up to $5 million worth of securities in a 12-month period. An offering circular must be prepared for delivery before sale. Offering materials are subject to Commission staff review. Regulation A permits the use of unaudited financial statements. However, because the offering must be registered in most cases under state laws, issuers may be required to provide audited financial statements. Further, the current limit on the amount of securities that may be offered may be too low to provide professional underwriting assistance in these offerings. The conferees will consider possible changes to make the Regulation A exemption more useful to small businesses, consistent with investor protection.

Regulation A also permits the offering of securities in the manner of ''testing the waters'' to see whether or not any potential offering of an issuer's securities would be favorably received by the investing public. The provision has not been widely used. The conferees will discuss the provision with a view to determining whether greater federal/state uniformity is an issue and can be achieved or whether other matters have caused the apparent lack of attractiveness in this provision.

D. Form D

We adopted Regulation D in 1982 as the result of a cooperative effort between NASAA and the Commission. Regulation D was intended to facilitate uniformity for limited offering exemptions at the state and federal level. Form D was adopted in conjunction with Regulation D. Form D serves as a notice of sales for use in exempt offerings under Regulation D and section 4(6) of the Securities Act at the federal level. Rule 503 requires issuers seeking an exemption under Regulation D to file Form D with the Commission within 15 days after the first sale.[15] Issuers must also file a Form D for sales of securities in states that have adopted the Uniform Limited Offering Exemption (''ULOE'')[16] and Form D. Currently, the Commission and some states receive paper filings. With the advent of electronic filing and advances in technology, it may be more timely and cost-effective to file the Form D, at least at the federal level, using the Commission's EDGAR system. The conferees will discuss simplifying Form D and filing the form electronically.

E. Securities of Blank Check Companies

A blank check company is a company in the development stage with no specific business plan or purpose, or a company that indicates that its plan is to engage in a merger or acquisition with an unidentified company or companies.[17] In 1990, the U.S. Congress found that offerings by these kinds of companies were common vehicles for fraud and manipulation. We have adopted several rules, as Congress directed, to deter fraud in connection with these offerings.[18] The group will discuss matters of mutual concern relating to the offerings of securities by blank check companies, including recent developments and possible new rules and revisions of existing rules.

(2) Market Regulation Issues

A. Description of Bank Dealer Exceptions After the Gramm-Leach-Bliley Act[19]

The participants will discuss the Commission's rules pertaining to banks' dealer activities. We adopted amendments to the bank dealer rules on February 6, 2003.[20] These rules provide banks with a new exemption for their securities lending transactions. They also implement the specific exceptions for banks from the definition of ''dealer'' that were enacted as a part of the Gramm-Leach-Bliley Act (''GLBA'') in late 1999. Among other things, the GLBA provided for functional regulation of securities activities by eliminating the complete exception for banks from the definitions of ''broker'' and ''dealer'' and replacing them with specific transaction and activity-based exceptions.

B. Possible Revisions to Form BD

Under the regulatory scheme of the Securities Exchange Act of 1934[21] (the ''Exchange Act''), broker-dealers must register with the Commission, as well as with at least one statutory SRO. Broker-dealers apply for registration by filing Form BD (17 CFR 249.501), the uniform application for broker-dealer registration. The state securities regulators also use this form. Form BD requires the applicant filing the form to provide certain information concerning the nature of its business and the background of its principals, controlling persons, and employees. Form BD[22] is designed to permit regulators to determine whether the applicant meets the statutory requirements to engage in the securities business.

We amended Form BD on July 2, 1999 to support electronic filing in the Internet-based Central Registration Depository system.[23] Since the July 1999 amendments, the GLBA, the Commodity Futures Modernization Act of 2000, and, more recently, the Sarbanes-Oxley Act have all been enacted. Among other things, the Sarbanes-Oxley Act expands the definition of ''statutory disqualification'' under the Exchange Act.[24] These and other developments may indicate the need for possible further amendments to Form BD.

C. Research Analyst Conflicts of Interest

We have taken a number of actions in the past year to address analyst conflicts of interest. On February 6, 2003, we adopted Regulation Analyst Certification, which requires that analysts certify that the views expressed in research reports accurately reflect their personal views and that research reports disclose whether analysts received compensation for their recommendations or views.[25] On May 10, 2002, we approved rule changes by the National Association of Securities Dealers (''NASD'') and the New York Stock Exchange (''NYSE'') that establish standards governing broker-dealer communications with the public to address analyst conflicts of interest.[26] Late last year, we released for comment additional rule amendments filed by the

[14] 17 CFR 230.251 through 263.

[15] 17 CFR 230.503.

[16] The ULOE provides a uniform exemption from state registration for offerings complying with Regulation D.

[17] Securities Act section 7(b)(3), 15 U.S.C. 77g(b)(3).

[18] 17 CFR 230.419 and 17 CFR 240.15g–8.

[19] Pub. L. 106–102, 113 Stat. 1338 (1999).

[20] Release No. 34–47364 (Feb. 13, 2003) [68 FR 8685].

[21] 15 U.S.C. 78a *et seq.*

[22] 17 CFR 249.501.

[23] Release No. 34–41594 (July 2, 1999) [64 FR 37586].

[24] 15 U.S.C. 78c(39).

[25] Release No. 33–8193 (Feb. 20, 2003) [68 FR 9482].

[26] Release No. 34–45908 (May 10, 2002) [67 FR 34968].

NYSE and NASD that would require a compensation committee to review and approve analyst compensation; prohibit firms from issuing reports by a research analyst who participated in solicitation meetings with prospective investment-banking clients; require notification to customers when a member or member organization terminates research coverage of a subject company and require that the final report include a final recommendation or rating; and amend the definition of ''public appearance'' to include research analysts' making a recommendation in a newspaper article or similar public medium.

We are working with NASAA and its members, as well as the NYSE, NASD, and New York State Attorney General, on a joint formal inquiry into market practices concerning research analysts and the conflicts that can arise from the relationships between research and investment banking. On December 20, 2002, the Commission announced an agreement in principle that, if approved by the Commission, would result in a settlement with the nation's largest investment banking firms to address issues of conflicts of interest with respect to their brokerage departments, and would conclude the joint inquiry.[27]

D. Shorter Settlement Cycles, Straight-Through Processing, and Immobilization and Dematerialization of Stock Certificates

Over the past year, the securities industry has undertaken an initiative to achieve several straight-through processing goals. In order to reach these goals, the industry, through the Securities Industry Association (''SIA''), has proposed that we promulgate a number of regulatory changes. One of the more controversial of the proposed changes is adding rules to discourage the issuance and use of physical certificates. According to an SIA study, the costs of processing physical securities and the risks inherent with the use of physical securities are significant to the industry and ultimately their customers. Therefore, the industry is proposing that new securities be issued in book-entry form only. Although such a requirement could be imposed at the federal level, another possibility would be to implement a book-entry-only standard through exchange listing standards and issuer action. One issue is that several states' corporate laws still require that an issuer make physical securities available to shareholders who request them. The Commission staff hopes to explore with NASAA ways in which to discourage the issuance and use of physical certificates, restrictions imposed by certain state corporate laws, and exchange listing standards regarding the issuance of physical certificates.

E. IPO Underwriting and Allocation Process

The initial public offering underwriting process has come under a lot of scrutiny lately—especially with regard to perceived abuses in the pricing and allocation of IPO shares. We are currently reviewing industry practices regarding the roles of issuers and underwriters in the price setting and the allocation of IPO shares as well as the offering process in general. Moreover, the NYSE and NASD have convened a panel of business and academic leaders to conduct a broad review of the IPO process and to recommend ways to address the problems so as to improve the underwriting process and restore investor confidence. The panel hopes to report by the end of March. The Commission has also brought at least one enforcement action, the Robertson Stephens case, relating to underwriting activities in connection with a number of IPOs.[28] In addition, the NASD recently sought comment from its members on proposed new rules regarding the regulation of IPO allocations and distributions.[29] According to the NASD, the rules will better ensure that members avoid unacceptable conduct when they engage in the allocation and distribution of IPOs.

F. Possible Changes to SRO Rules

1. *Branch Office Definition.* The NYSE recently filed a proposed rule change, SR–NYSE–2002–34, which proposes to amend NYSE Rule 342, Offices—Approval, Supervision, and Control, to provide for a new definition of the term ''branch office.'' The proposed amendment to the rule would limit the requirement to register certain business locations as ''branch offices—to account for advances in technology used to conduct and monitor business and changes in the structure of broker-dealers and in the lifestyles and work habits of broker-dealers. On December 4, 2002, the Commission published the proposed rule change for public comment.[30]

2. CRD—Expungement. The NASD recently filed a proposed rule change, SR–NASD–2002–168, which proposes to establish procedures for expunging customer dispute information from the Central Registration Depository system. The proposed rule would require all arbitral directives to expunge customer dispute information from the CRD system to be confirmed or ordered by a court of competent jurisdiction. The proposed rule also would require member firms and associated persons seeking expungement to name the NASD as an additional party in any judicial proceeding seeking expungement relief or confirming an arbitration award containing expungement relief. The proposed rule would state that the NASD will participate in such judicial proceedings and will oppose expunging dispute information in the proceedings unless specific findings have been made that the subject matter of the claim or the information in the CRD system: (1) Is without factual basis (*i.e.*, is factually impossible or clearly erroneous); (2) fails to state a claim upon which relief can be granted; (3) is frivolous; or (4) is defamatory in nature. The proposed rule would also permit member firms and associated persons to ask the NASD to waive the requirement to name the NASD as a party on the basis that the expungement order meets at least one of the standards for expungement articulated in the proposed rule. The Division of Market Regulation is preparing to recommend release of the proposal for public comment and anticipates extensive public commentary.

3. NYSE and NASD Proposals to Amend Rules Relating to Supervisory Control Over Customer Accounts. Adequate supervisory systems are integral to investor protection and to the integrity of the securities market. Operational and sales practice abuses can stem from ineffective supervisory control procedures. The recent Gruttadauria case,[31] which involved the alleged misappropriation of customer funds, highlighted the ongoing problem of operational and sales practice abuses at firms and the importance of firms effectively monitoring their employees.

The NYSE and NASD have submitted proposals to amend their rules relating to supervisory control over customer accounts.[32] Specifically, the proposed rules would: (1) Require members to develop general and specific

[27] Securities and Exchange Commission, Press Release 2002–179, December 20, 2002.

[28] Litigation Release No. 17923 (Jan. 9, 2003).

[29] NASD Notice 02–55, ''NASD Requests Comments on Proposed New Rule 2712 and Amendments to Rule 2710,'' August 2002.

[30] Release No. 34–46888 (Dec. 4, 2002) [67 FR 72257].

[31] Litigation Release No. 17590 (June 27, 2002).

[32] NYSE 2002–36, Release No. 34–46858 (Nov. 20, 2002) [67 FR 72661]; NASD 2002–162, Release No. 34–46859 (Nov. 20, 2002) [67 FR 70990].

supervisory control procedures that independently test, verify, and modify, where necessary, the members' supervisory procedures; (2) require that office inspections be conducted by independent persons and include, at a minimum, the testing and verification of certain supervisory procedures; (3) expand upon a member's supervisory and recordkeeping requirements with respect to changes in customer account name or designation in connection with order executions; and (4) clarify the time limit on time-and-price discretionary authority. The comment period expired on January 17, 2003. We have received numerous comment letters, which Commission staff and SRO staff are currently reviewing.

G. Amendments to Broker-Dealer Recordkeeping Rules

The participants will discuss the Commission's recent amendments to its broker-dealer recordkeeping rules, Exchange Act Rules 17a–3 and 17a–4, in light of certain interpretive questions regarding the amendments.[33]

H. Examination Issues

State and federal regulators also will discuss various examination-related issues of mutual interest, including examination priorities, summits and examinations.

(3) Investment Management Issues

A. Electronic Filing and the Investment Adviser Registration Depository (''IARD'')

Investment advisers applying for registration, or already registered, with the Commission file their registration statements and amendments electronically through the IARD. Most states also permit investment advisers and investment adviser representatives to register by filing through the IARD. The agenda for the conference is expected to include a discussion of the operations and finances of the IARD during 2002. The participants also are expected to discuss issues related to future plans for the IARD and for the public disclosure website for investment adviser information, the IAPD.

B. Current Issues and Rulemaking Initiatives

The participants are expected to discuss recent rulemaking initiatives under the Investment Advisers Act of 1940[34] that deal with enhanced public disclosure of proxy votes, compliance issues, updated custody requirements, and advisers giving investment advice over the Internet. Developments in the model state law area and competency tests for investment adviser representatives also may be discussed. The participants may consider the continuing education needs of investment advisers and discuss approaches for enhancing an adviser's understanding of relevant state and federal regulatory responsibilities.

C. Examination of Advisers

The agenda for the meeting will include a discussion of examination protocols used by states and the Commission as well as the sharing of information among regulators. Recent enforcement matters of particular relevance also may be discussed.

(4) Investor Education and Assistance Issues

The Commission and NASAA currently sponsor a number of programs to educate investors on how to invest wisely and to protect themselves from fraud and abuse. The states and NASAA have a long-standing commitment to investor education, and we intend to complement those efforts to the greatest extent possible. During the investor education working group session, participants at the conference are expected to discuss the following investor education initiatives and potential joint projects:

A. Facts on Saving and Investing Campaign

Five years ago, in the spring of 1998, the Commission and NASAA in conjunction with the Council of Securities Regulators of the Americas (''COSRA'') launched the Facts on Saving and Investing Campaign. Led primarily by individual states and Canadian provincial securities regulators, the campaign is an ongoing, grassroots effort to educate individuals about saving, investing, and avoiding financial fraud. During the working group session, participants will discuss this year's campaign.

B. Youth Initiatives

During the working group session, NASAA will brief the Commission staff on the progress of ''Financial Literacy 2010,'' an unprecedented financial literacy program launched in the spring of 1998 by NASAA, the NASD, and the Investor Protection Trust. FL2010 aims to encourage—and make it easier for—teachers in every state to teach the basics on saving and investing to high school students. Representatives from individual states and the Commission also will share information concerning other financial literacy efforts targeted toward youth.

C. Education on Troubling Trends and ''Top 10'' Scams

From time to time, NASAA publishes a list of the top 10 investment scams that state securities regulators have been combating. This list not only raises public awareness about potential investment scams, but also helps to shape investor education initiatives.

Representatives from NASAA and the Commission will discuss troubling trends they have noted recently and will explore ways in which NASAA and the Commission can work together to warn the investing public about problematic products.

D. Online Investor Protection

NASAA will discuss ongoing state initiatives to enhance investor protection online, including the status of the Investing Online Resource Center. Similarly, the Commission staff will discuss its continuing efforts to educate investors on how to use the Internet to invest wisely.

E. Senior Educational Outreach Efforts

NASAA members and the Commission staff will discuss ongoing educational programs aimed at educating seniors. Since seniors are a large segment of the population that are targeted for scams, many individual states have set up educational outreach programs aimed toward seniors. Representatives from individual states will share information concerning these outreach programs.

F. New Programs on Investor Education

Participants in the working group session will brainstorm ideas for new investor education programs, including joint NASAA and Commission initiatives.

G. Investor Education Resources

Participants will discuss the most efficient and effective ways to provide educational resources to individuals at both a national and a grassroots level.

(5) Enforcement Issues

In addition to the above topics, state and federal regulators will talk about various enforcement-related issues of mutual interest. As in the past, it is anticipated that representatives of the SROs and the Justice Department will participate in this meeting. Included on the agenda for their session will be identification of the current enforcement priorities of the organizations present and a discussion of the more important investment scams

[33] 17 CFR 240.17a–3, and 240.17a–4.

[34] 15 U.S.C. 80b–1 *et seq.*

being uncovered in different parts of the country. Ways to further enhance the level of communication and coordination in the enforcement context will also be covered. State and federal regulators may discuss various other enforcement-related issues of mutual interest.

(6) General

The participants may also discuss matters that are applicable to all, or to a number, of the areas noted above. These include EDGAR (the Commission's electronic disclosure system), rulemaking procedures, training and education of staff examiners and analysts, and information sharing.

Discussions may also cover the new 2002 version of the Uniform Securities Act (''USA 2002''), which recently has been finalized by a committee of the National Conference of Commissioners on Uniform State Laws. The USA 2002 is a model uniform state securities law statute. The new version modernizes the Uniform Securities Act of 1956 and the Revised Uniform Securities Act of 1985. The USA 2002 updates the law to reflect many changes including, for example, the National Securities Market Improvement Act of 1996[35], technology advances, and internationalization of securities trading. In January, 2003, NASAA endorsed the USA 2002.

The Commission and NASAA request specific public comments and recommendations on the above-mentioned topics. Commenters should focus on the agenda but may also discuss or comment on other proposals that would enhance uniformity in the existing scheme of state and federal securities regulation, while helping to maintain high standards of investor protection.

By the Commission.

Dated: March 17, 2003.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–6983 Filed 3–24–03; 8:45 am]

BILLING CODE 8010–01–P

[35] Pub. L. 104–290, 110 Stat. 3416 (Oct. 11, 1996).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–47523; File No. SR–CBOE–2002–69]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by Chicago Board Options Exchange, Incorporated Relating to Broker-Dealer Orders on RAES

March 18, 2003.

On November 26, 2002, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to allow the appropriate Floor Procedure Committee to determine, on a class and/or series basis, to prohibit access to RAES for broker-dealer orders after 3 p.m. The Exchange submitted Amendment No. 1 to the proposed rule change on January 21, 2003.[3]

The proposed rule change, as amended, was published for comment in the **Federal Register** on February 14, 2003.[4] The Commission received no comments on the proposed rule change.

The Commission has reviewed carefully the CBOE's proposed rule change and finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,[5] and with the requirements of section 6(b).[6] In particular, the Commission finds that the proposal is consistent with section 6(b)(5) of the Act,[7] which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission notes that currently, the appropriate Floor Procedure Committee (''FPC'') may permit broker-dealer orders on RAES during the trading day for options by class and/or series. The CBOE is proposing to allow an FPC to determine, on a class and/or series basis, to prohibit access to RAES for broker-dealer orders after 3 p.m.

In support of this proposal, the CBOE has represented that the options pricing models used by its members to generate the autoquote on CBOE use the price of underlying securities on the appropriate securities exchange,[8] and explained that once the underlying stock stops trading, there is no price feed from the underlying securities to automatically update the options pricing models and the options series must be updated manually. The CBOE believes that adding broker-dealers orders to those eligible to be executed on RAES could potentially increase the number of automatically executed orders significantly. The CBOE is concerned that if broker-dealer orders are permitted on RAES during times when manual updating is required, this could create additional difficulties in updating the option pricing models in a timely manner.

CBOE has represented that that it would like to permit RAES access in more classes and/or series for broker-dealer orders if the appropriate FPC were permitted to limit the access in classes or series, where appropriate, to the time period when the exchanges for the underlying securities are open for their regular trading session, *i.e.*, until 3 p.m.

The Commission believes that the proposed rule change will permit broker-dealers to have access to RAES for the vast majority of the trading day. At the same time, the proposed rule change should minimize stress to the options pricing models when they are manually updated. The Commission further believes that the proposed rule change should provide the CBOE with sufficient flexibility to operate RAES in an efficient manner, while at the same time permitting increased competition for electronic orders and increasing liquidity in affected series or classes.

It is therefore Ordered, pursuant to section 19(b)(2) of the Act,[9] that the proposed rule change (SR–CBOE–2002–69) is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[10]

Margaret H. McFarland,

Deputy Secretary.

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

[2] 17 CFR 240.19b–4.

[3] *See* letter from Jaime Galvan, Attorney, CBOE, to Jennifer Colihan, Special Counsel, Division of Market Regulation, Commission, dated January 17, 2003 (''Amendment No. 1'').

[4] *See* Securities Exchange Act Release No. 47332 (February 10, 2003), 68 FR 7633.

[5] In approving this rule proposal, the Commission notes that it has also considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

[8] For purposes of this discussion securities exchanges includes NASDAQ.

[9] 15 U.S.C. 78s(b)(2).

[10] 17 CFR 200.30–3(a)(12).