

corresponding symbols on a master list which is available to all members. GSCC should be notified in advance of a member's intent to submit trade data on behalf of an Executing Firm so that the master list can be updated. However, member firms often fail to so notify GSCC, they submit trade data without the proper Executing Firm symbol, or they fail to submit Executing Firm data completely. These trades may show up in GSCC's systems as uncomparated.

A third reason for uncomparated trades is that GSCC does not currently require its members to submit to it all types of trade data. As a result, some firms do not submit trades that are executed and settled on the same day (cash trades) to GSCC for comparison. The fourth reason for uncomparated trades occurs because Comparison-Only members, who do not settle their trades through GSCC, do not submit their trade data to GSCC on a consistent basis.

The proposed rule changes would increase comparison rates by effectively eliminating the situations described above. Specific proposed rules changes would apply to both buy-sell and repo transactions as follows:

(i) Each Comparison-Only member would be required to submit data to GSCC on all buy-sell or repo trades executed by such member with any other Comparison-Only or Netting member of GSCC.

(ii) Each Netting member would be required to submit data to GSCC on all buy-sell or repo trades executed by such member with any other Comparison-Only member.<sup>9</sup>

(iii) Each GSCC member would be required to submit data to GSCC on all trades with other GSCC members executed and settled on the same day.

(iv) Each GSCC member would be required to submit trade data exactly as executed, up to a \$50 million dollar cap. Trades for over \$50 million could be submitted in \$50 million pieces with a "tail" for any remainder.<sup>10</sup>

(v) Each GSCC member would be required to inform GSCC of all Executing Firms on whose behalf they submit trade data for placement on GSCC's master list and to submit to GSCC all trades executed on behalf of an Executing Firm on GSCC's master list with the appropriate symbol. In addition, each GSCC member would be required to inform GSCC of those Executing Firms that should be deleted from the master list.

In the event that a member does not comply with the new trade submission rules, GSCC would be granted certain rights to enforce compliance. GSCC would have the right to: (a) Place the member on surveillance status; (b) increase the required Clearing Fund deposit of a member; and/or (c) notify the member's appropriate regulatory authority of its non-compliance with GSCC's rules. GSCC expects to submit a rule filing at a later date giving GSCC the authority to assess fees to members who do not comply with the trade data submission requirements outlined in these rules.

GSCC believes that the proposed rule change is consistent with the requirements of section 17A of the Act<sup>11</sup> and the rules and regulations thereunder applicable to GSCC because it would improve GSCC's operational efficiency and thereby limit market exposure and risk for Netting members and thereby would enable members and market participants to more effectively settle non-netting eligible trades outside GSCC.

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

GSCC does not believe that the proposed rule change will have any impact or 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 relating to the proposed rule change have not yet been solicited or received. GSCC will notify the Commission of any written comments received by GSCC.

**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.

**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 also will be available for inspection and copying at the principal office of GSCC.

All submissions should refer to File No. SR-GSCC-2002-02 and should be submitted by April 9, 2002.

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

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

[FR Doc. 02-6511 Filed 3-18-02; 8:45 am]

BILLING CODE 8010-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-45554; File No. SR-NASD-2001-97]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto by the National Association of Securities Dealers, Inc. Relating to the Elimination of Interval Delays in Nasdaq's SuperMontage System**

March 13, 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 January 2, 2002, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its subsidiary, the Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities

<sup>9</sup> GSCC Rule 11 already requires Netting members to submit all trade data for transactions with other Netting members.

<sup>10</sup> GSCC does not accept trade data for transactions over \$50 million except for GCF Repo transactions.

<sup>11</sup> 15 U.S.C. 78q-1.

<sup>12</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.



and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by Nasdaq. On March 7, 2002, the Nasdaq filed Amendment No. 1 to the proposed rule change.<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**

Nasdaq proposes to amend NASD Rule 4710(b)(1)(D) to remove delays between executions across price levels in SuperMontage. Nasdaq will implement this rule change within 30 days after successful completion of SuperMontage user acceptance testing.

Proposed new language is *italicized*; proposed deletions are in [brackets].

\* \* \* \* \*

#### **4710. Participant Obligations in NNMS**

(a) No Change

(b)(1)(A) through (b)(1)(C) No Change

(D) Interval Delay—After the NNMS system has executed all Displayed Quotes/Orders and Reserve Size interest at a price level, the following will occur:

(i) If the NNMS system cannot execute in full all shares of a Non-Directed Order against the Displayed Quotes/Orders and Reserve Size interest at the initial price level and at price two minimum trading increments away, the system will pause for 5 seconds before accessing the interest at the next price level in the system; provided, however, that once the Non-Directed Order can be filled in full within two price levels, there will be no interval delay between price levels and the system will execute the remainder of order in full; or

(ii) If the Non-Directed Orders is specially designated by the entering market participant as a "sweep order," the system will execute against all Displayed Quotes/Orders and Reserve

Size at the initial price level and the two price levels being displayed in the Nasdaq Order Display Facility without pausing between the displayed price levels. Thereafter, the system will pause 5 seconds before moving to the next price level, until the Non-Directed Order is executed in full.

(iii) The interval delay described in this subparagraph may be modified upon Commission approval and appropriate notification to NNMS Participants.]

[E] *D* All entries in NNMS shall be made in accordance with the requirements set forth in the NNMS Users Guide, as published from time to time by Nasdaq.

\* \* \* \* \*

### **II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, Nasdaq 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. Nasdaq 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**

As part of its ongoing preparation for the launch of SuperMontage,<sup>4</sup> Nasdaq is engaging in a continuing review of the system's functionality and rules with a view to constant improvement. As a result of this review, and in consultation with industry professionals, Nasdaq has determined to eliminate system delays between executions at different price levels in SuperMontage.<sup>5</sup>

Currently, the rules of the SuperMontage system provide for immediate executions of Non-Directed Orders across the best inside price and next two best trading increments away from that inside price. If a Non-Directed Order cannot be executed in full against the combined displayed and reserve size amounts at those three increments, the system will pause 5 seconds before

moving to price increments further away. If during this delay, additional share amounts appear in the system at any of the previous three price increments, the system will immediately execute against those shares.<sup>6</sup>

In response to concerns raised by market participants about the increased potential for the queuing of orders caused by system delays between executions, Nasdaq has determined to eliminate all interval delays in the SuperMontage system. In Nasdaq's view, removal of all interval delays will result in improved price discovery and a smoother functioning market. In addition, elimination of interval delays between executions will make the operation of this aspect of SuperMontage consistent with Nasdaq's current SuperSOES automatic execution functionality that likewise has no such delays.<sup>7</sup>

##### **2. Statutory Basis**

Nasdaq believes that the proposed rule change, as amended, is consistent with section 15A(b)(6)<sup>8</sup> of the Act, in that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principals of trade, to foster cooperation and coordination with person engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

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

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

<sup>3</sup> See letter from Thomas P. Moran, Associate General Counsel, Nasdaq, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated March 6, 2002 ("Amendment No. 1"). In Amendment No. 1, Nasdaq made some technical corrections to the proposed rule text and to the proposed rule change. In addition, Nasdaq added a footnote to clarify that the 5-second interval delay will be retained for odd-lot executions against the same market maker. Nasdaq further deleted sentences referring to "sweep orders." Nasdaq explained that the concept is no longer a part of Nasdaq's future Order Display and Collector Facility ("NNMS" or "SuperMontage") because with the removal of interval delays, all SuperMontage orders will have the ability to immediately execute across multiple price levels without delay between those price intervals if the terms of the order and quote/orders it interacts with will allow it.

<sup>4</sup> See Securities Exchange Act Release No. 43863 (January 19, 2001), 66 FR 8020 (January 26, 2001) (order approving SuperMontage).

<sup>5</sup> Nasdaq will retain the 5 second interval delay between odd-lot executions against the same market maker contained in NASD Rule 4710(e)(2)(E). See Amendment No. 1, *supra* note 3.

<sup>6</sup> SuperMontage also would have allowed sweep orders, which would have immediately executed an order against the three best prices in the system before pausing. Nasdaq explained that the concept is no longer a part of SuperMontage because with the removal of interval delays, all SuperMontage orders will have the ability to immediately execute across multiple price levels without delay between those price intervals if the terms of the order and quote/orders it interacts with will allow it. See Amendment No. 1, *supra* note 3.

<sup>7</sup> See Securities Exchange Act Release No. 44504 (July 2, 2001), 66 FR 36022 (July 10, 2001).

<sup>8</sup> 15 U.S.C. 78o-3(b)(6).



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

No written comments were solicited or received 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 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.

**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 NASD. All submissions should refer to File No. SR-NASD-2001-97 and should be submitted by April 9, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

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

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**BILLING CODE 8010-01-P**

**DEPARTMENT OF STATE**

**Office of the Coordinator for Counterterrorism**

**[Public Notice 3947]**

**Designations of Terrorists and Terrorist Organizations Pursuant to Executive Order 13224 of September 23, 2001**

**AGENCY:** Office of the Coordinator for Counterterrorism, State.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given of the designation by the Secretary of State of foreign persons whose property and interests in property have been blocked pursuant to Executive Order 13224 of September 23, 2001. These designations comprise 8 individuals and 29 organizations determined to meet the criteria set forth under subsection 1(b) of Executive Order 13224.

**DATES:** These determinations were made by the Secretary of State on October 12, 2001, October 31, 2001, December 18, 2001, and December 31, 2001, in consultation with the Secretary of the Treasury and Attorney General.

**FOR FURTHER INFORMATION CONTACT:** Frederick W. Axelgard, Office of the Coordinator for Counterterrorism, Department of State; telephone: (202) 647-9892; fax: (202) 647-0221.

**SUPPLEMENTARY INFORMATION:**

**Background**

On September 23, 2001, President Bush issued Executive Order 13224 (the "Order") imposing economic sanctions on persons (defined as including individuals or entities) who, *inter alia*, commit, threaten to commit, or support certain acts of terrorism. In an annex to the Order, President Bush identified 12 individuals and 15 entities whose assets are blocked pursuant to the Order (66 FR 49079, September 25, 2001). The property and interests in property of an additional 33 individuals and 6 entities were blocked pursuant to determinations by the Secretary of State and the Secretary of the Treasury (effective October 12, 2001), referenced in a **Federal Register** Notice published by the Office of Foreign Assets Control, Department of the Treasury (66 FR 54404, October 26, 2001). Further determinations made by the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, on November 7, 2001, and December 4, 2001, December 20, 2001, January 9, 2002, February 26, and March 11 are addressed in a separate notice published elsewhere in this issue of the **Federal Register**.

Pursuant to subsection 1(b) of the Order, the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, has determined to date that 8 foreign individuals and 29 foreign organizations have been determined to have committed, or to pose a significant risk of committing, acts of terrorism that threaten the security of U.S. nationals or the national security, foreign policy, or economy of the United States. The Secretary of State's determination that each of these individuals and organizations meets the criteria set forth under subsection 1(b) of the Order subjects each of these individuals and organizations to sanctions. 23 of the organizations determined on October 31, 2001 and December 18, 2001 to meet the criteria set forth under subsection 1(b) of the Order are also subject to sanctions imposed pursuant to their designation as a Foreign Terrorist Organization pursuant to section 219 of the Immigration and Nationality Act, as amended, 8 U.S.C. 1189.

Pursuant to the determination made by the Secretary of State under subsection 1(b) of the Order, all property and interests in property of any listed person that are in the United States, that come within the United States, or that come within the possession or control of United States persons, including their overseas branches, are blocked. All transactions or dealings by U.S. persons or within the United States in property or interests in property of any listed person are prohibited unless licensed by the Department of the Treasury's Office of Foreign Assets Control or exempted by statute.

The determinations of the Secretary of State were effective on October 12, 2001, October 31, 2001, December 18, 2001, and December 31, 2001.

In Section 10 of the Order, the President determined that because of the ability to transfer funds or assets instantaneously, prior notice to persons listed in the Annex to, or determined to be subject to, the Order who might have a constitutional presence in the United States, would render ineffectual the blocking and other measures authorized in the Order. The President therefore determined that for these measures to be effective in addressing the national emergency declared in the Order, no prior notification of a listing or determination pursuant to the Order need be provided to any person who might have a constitutional presence in the United States.

The property and interests of property of the following persons are blocked and may not be transferred, paid, exported,

<sup>9</sup> 17 CFR 200.30-3(a)(12).