

change prior to the thirtieth day after the date of publication of the notice of filing thereof in the **Federal Register**. The Commission notes that the PCX has represented that it is technologically capable of implementing the proposal immediately upon approval from the Commission. The Commission believes that accelerated approval of this proposal should permit the PCX to immediately begin to disseminate quotes with actual size when customer limit orders represent the best price on the Exchange, which should reflect more accurate trading interest. Accordingly, the Commission finds that there is good cause, consistent with section 19(b)(2) of the Act,<sup>16</sup> to approve the proposal on an accelerated basis.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,<sup>17</sup> that the proposed rule change (SR-PCX-2002-30) is approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>18</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46040 ; File No. SR-Phlx-2002-27]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Committee Voting Procedures

June 6, 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 April 23, 2002, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities 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 the Phlx. 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 Phlx proposes to modify the voting procedures followed by the standing and special committees of the Phlx's Board of Governors ("Committees") to allow the Committees to take action in cases where a quorum attends a Committee meeting, but a majority of members recuse themselves or abstain from the vote of the Committee, provided that at least two Committee members vote. The text of the proposed rule change appears below. New language is italicized; deleted language is in brackets.

##### *By-Law Article X, Section 10-3; Proceedings of Special and Standing Committees*

(a) Except as herein otherwise prescribed, and subject always to the control and supervision of the Board of Governors, each Standing Committee and Special Committee shall determine the manner and form in which its proceedings shall be conducted, and shall make such regulations for its government as it shall deem proper and may act at a meeting or without a meeting, and through a quorum composed of a majority of all its members then in office. Except as otherwise specifically provided in the by-laws or rules, the decision of a majority of those [present] *voting* at a meeting at which a quorum is present, *provided at least two vote*, [or the decision of a majority of those participating when at least a quorum participates,] shall be the decision of the Committee.

#### 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 Phlx 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. The 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 Phlx represents that the purpose of the proposed rule change is to improve the functioning and efficiency

of Committees. Specifically, the proposal will permit the Committees to take action in cases where a quorum attends a Committee meeting, but a majority of members recuse themselves or abstain from the vote of the Committee, provided that at least two Committee members vote.

Currently, the Phlx By-laws state that "a decision of a majority of those present at a meeting at which a quorum is present, or the decision of a majority of those participating when at least a quorum participates, shall be the decision of the Committee"<sup>3</sup> (together, the "Present Approval Scenarios"). A quorum is "a majority of all [of the Committee's] members then in office."<sup>4</sup> The Present Approval Scenarios both require a majority of the Committee to vote on a motion for it to have any chance of approval.<sup>5</sup> According to the Phlx, this may delay or preclude a Committee from taking action, thereby reducing the responsiveness of a Committee to rapidly changing market conditions and limiting overall Committee effectiveness.

The Phlx believes that the proposed rule change should help to increase Committee responsiveness and effectiveness by allowing for Committee action when a quorum attends a meeting, but the subject matter of the Committee action requires Committee members to recuse themselves or abstain from voting on the proposed action. However, in no case would Committee action result from the vote of one Committee member alone because the proposal requires at least two Committee members to vote to have a valid Committee action. Under the proposed rule change, the Exchange considers Committee members who recuse themselves or abstain from voting to be present for purposes of a quorum.

<sup>3</sup> See Phlx By-law Article X, Section 10-3(a).

<sup>4</sup> *Id.*

<sup>5</sup> For example, if five Committee members attend a meeting of a nine member Committee, those five members constitute a quorum because five is a majority of nine. If a proposal comes before the Committee and three of the members recuse themselves, then two Committee members are left to decide the matter. Under the Present Approval Scenarios, even though a quorum is present, (recused members count as present, but not participating) the Committee could not take action because it could not obtain an affirmative vote of the majority of the quorum because only two members may vote and three votes are needed to constitute a majority of the quorum. Under the proposed rule change, those two members could take action if both of them voted for the proposal because the Committee would be able to take action when a majority of those voting (two are voting and a majority of two is two) when a quorum is present and at least two vote.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</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.

The Phlx notes that the proposal is based on the rules of the Pacific Exchange, Inc. ("PCX").<sup>6</sup>

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>8</sup> in particular, because it is designed to promote just and equitable principles of trade.

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

The Phlx 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*

No written comments were solicited or received.

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

The foregoing proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and subparagraph (f)(3) of Rule 19b-4 thereunder<sup>10</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 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-2002-27 and should be submitted by July 3, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-14777 Filed 6-11-02; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46041; File No. SR-PHLX-2002-29]

### **Self Regulatory Organizations; Philadelphia Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Adopting Phlx Rule 757, Anti-Money Laundering Compliance Program**

June 6, 2002.

On April 24, 2002, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to adopted Phlx Rule 757, Anti-Money Laundering Compliance Program. The proposed rule change was published for comment in the **Federal Register** on May 3, 2002.<sup>3</sup> The Commission received no comments on the proposal.

The Commission has reviewed carefully the Phlx's proposed rule change, and finds, for the reasons set forth below, that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, with the requirements of Section 6(b)(5) of the Act.<sup>4</sup> Section 6(b)(5) requires the rules of a national

securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons 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. The Commission finds that the Phlx's proposed rule change accurately, reasonably, and efficiently implements the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the USA PATRIOT Act) as it applies to Phlx members. The Commission notes that anti-money laundering compliance programs will evolve over time, and that improvements to anti-money laundering compliance programs are inevitable as Phlx members find new ways to combat money laundering and to detect suspicious activities.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> that the proposed rule change (SR-PHLX-2002-29) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-14780 Filed 6-11-02; 8:45 am]

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## SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3408]

### **State of West Virginia, Amendment #1; Disaster Loan Areas**

In accordance with notices received from the Federal Emergency Management Agency, dated May 20 and June 6, 2002, the above-numbered Declaration is hereby amended to include Kanawha and Raleigh Counties in the State of West Virginia as a disaster area due to damages caused by severe storms, flooding and landslides, and to establish the incident period for this disaster as beginning on May 2, 2002 and continuing through May 20, 2002.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified

<sup>6</sup> See PCX Rule 11.2(a). See also Securities Exchange Act Release No. 43619 (November 27, 2000), 65 FR 75754 (December 4, 2000) (notice of filing and immediate effectiveness of File No. SR-PCX-00-44).

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(3).

<sup>11</sup> 17 CFR 200.30(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 45830 (April 26, 2002), 67 FR 22472.

<sup>4</sup> 15 U.S.C. 78f(b)(5).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 17 CFR 200.30-3(a)(12).