

below net asset value or repurchase at a price above it, and other unfair results, including speculative trading practices.

9. The proposed recapture of the Credit, Applicants assert, does not pose such a threat of dilution, nor does it promote speculative trading practices, calculated to take advantage of backward pricing, the two evils that Rule 22c-1 was intended to eliminate or reduce. To effect a recapture of a Credit, AUL will redeem interests in a Contract at a price determined on the basis of the current accumulation unit value(s) of the Investment Account(s) to which the Contract owner's Contract value is allocated. The amount recaptured will equal the amount of the Credit paid out of AUL's general account assets. Although the Contract owner will be entitled to retain any investment gain attributable to the Credit, the amount of that gain will be determined on the basis of the current accumulation unit values of the applicable Investment Accounts. Thus, Applicants assert, no dilution will occur upon the recapture of the Credit.

10. Applicants argue that because neither of the harms that Rule 22c-1 was meant to address is found in the recapture of the Credit, Rule 22c-1 should not apply to any Credit. However, to avoid any uncertainty as to full compliance with the 1940 Act, Applicants request an exemption from the provision of Rule 22c-1 to the extent deemed necessary to permit them to recapture the Credit under the Contracts and Future Contracts.

11. Applicants submit that their request for an order that applies to the Separate Account and any Future Accounts established by AUL, in connection with the issuance of the Contracts and Future Contracts, is appropriate in the public interest. Such an order would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing the efficient use of Applicants' resources. Applicants further submit that Investors would not receive any benefit or additional protection by requiring Applicants to repeatedly seek exemptive relief that would present no issue under the Act that has not already been addressed in this application. Additionally, Applicants state that requiring Applicants to file additional applications would impair Applicants' ability to take advantage of business opportunities as they arise. Further, if Applicants were required repeatedly to seek exemptive relief with respect to the same issues addressed in this

application, investors would not receive any benefit or additional protection thereby. Applicants undertake that Future Contracts funded by the Separate Accounts or by Future Accounts, which seek to rely on the order issued pursuant to this Application, will be substantially similar to the Contracts in all material aspects.

Conclusion

Section 6(c) of the Act, in pertinent part, provides that the Commission, by order upon application, may conditionally or unconditionally exempt any persons, security or transaction, or any class or classes of persons, securities or transactions, from any provisions of the Act, or any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants submit, for the reasons stated herein, that their exemptive requests meet the standards set out in Section 6(c) and that an order should, therefore, be granted.

For the Commission by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47182; File No. SR-GSCC-2002-06]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Imposition of a Fee on Members That Fail To Submit Transaction Data in an Interactive and Timely Manner

January 14, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 12, 2002, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. 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 will adjust the trade comparison fees for GSCC members that use GSCC's real time trade matching ("RTTM") process but do not submit trade data on an interactive and timely basis.

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

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.²

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

Since its inception in December 2000, GSCC's RTTM service has grown to encompass an increasing portion of trades that are submitted to GSCC. The expansion of the use of RTTM for government securities, its introduction for mortgage backed securities products (which is scheduled for September 2002), and ultimately its use for other fixed-income products remains GSCC's most significant initiative.

In order to encourage members to shift to interactive processing, GSCC imposed, effective July 1, 2001, a five-cent per side comparison surcharge for non-interactive members.³ The imposition of this financial incentive and the growing use of interactive messaging in connection with the RTTM service have not, however, ensured that members are submitting transaction data promptly after trade execution.

In order to ensure that members not only participate in the RTTM process but also submit transaction data on a timely basis and in order to cover the cost of batch processing, GSCC is imposing the following new fees (which fees are *in addition* to the normal 50-cent per side comparison fee and *in lieu* of the current five cent per side surcharge):

² The Commission has modified the text of the summaries prepared by NSCC.

³ A transaction is considered non-interactive if it is submitted more than one hour after its execution.

¹ 15 U.S.C. 78s(b)(1).

1. For members that participate in GSCC's RTTM process using a GSCC Interactive Submission method,⁴ there is no charge.
2. For a member that participates in GSCC's RTTM process using multi-batch submissions or submits data to GSCC via terminal: (a) Ten cents per side imposed on all of its comparison activity if at least 80% of its overall activity is submitted to GSCC within one hour of trade execution and (b) 25 cents per side fee imposed on all of its comparison activity if more than 20% of its overall activity is not submitted to GSCC within one hour of trade execution.

The percentage calculations described above will only be applied to data on new activity (*i.e.*, not on cancellations or modifications).

The fees became effective on September 1, 2002, for netting members and on January 1, 2003, for comparison-only members.

GSCC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder because it involves a change to GSCC's fee structure that will encourage members to move to interactive processing and thereby allow GSCC and its members to achieve important risk management benefits.

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

The foregoing rule change has become effective pursuant to Section

19(b)(3)(A)(ii) of the Act⁵ and Rule 19b-4(f)(2)⁶ thereunder because the proposed rule change is changing a due, fee, or other charge. At any time within sixty 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. Comments may also be submitted electronically at the following e-mail address: *rule-comments@sec.gov*. All comment letters should refer to File No. SR-GSCC-2002-06. This file number should be included on the subject line if e-mail is used. To help us process and review comments more efficiently, comments should be sent in hardcopy or by e-mail but not by both methods. 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 in Washington, DC. Copies of such filing will also be available for inspection and copying at GSCC's principal office. All submissions should refer to File No. GSCC-2002-06 and should be submitted within February 13, 2002.

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

Margaret H. McFarland,

Deputy Secretary.

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⁴ An "Interactive Submission Method" ("ISM") is defined in GSCC's rules as "a trade submission method that is used to submit data on individual trades to [GSCC] immediately after trade execution pursuant to communication links, formats, timeframes, and deadlines established by [GSCC] for such purpose. The [ISM] includes two different types of submission methods: (i) Computer-to-computer, where the trade is fed to [GSCC's] computer directly from the submitter's computer, and (ii) terminal interface, where the trade is manually entered into [GSCC's] system.

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).

SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; Order Granting Application To Strike From Listing and Registration; The International Securities Exchange, Inc. (The Options Clearing Corporation, Call and Put Option Contracts Respecting Certain Underlying Securities) File No. 1-7167

January 16, 2003.

The International Securities Exchange, Inc. ("ISE" or "Exchange") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 12d2-2(c) thereunder,² to strike from listing and registration on the Exchange the call and put option contracts issued by The Options Clearing Corporation respecting the underlying securities described below.

ISE Rule 503(a) generally provides that, whenever the Exchange determines that an underlying security previously approved for options transactions on the Exchange should no longer be approved, whether because it does not meet the standards for continued approval or for any other reason, the Exchange shall not open any additional options series of that class for trading, and may take steps thereafter to prohibit opening purchase transactions in options series of that class previously opened to the extent it deems such actions appropriate. When an underlying security becomes no longer approved for options transactions, the Exchange may apply to strike the related option contracts from listing and trading once all such option contracts have expired. Under this provision, the ISE has determined to strike from listing and trading the call and put option classes relating to the underlying common stock of the following companies:

EntreMed, Inc. (ENMD)

Interwoven, Inc. (IWOV)

Kmart Corporation (KMRTQ)

The Commission, having considered the facts stated in the ISE's application and having due regard for the public interest and protection of investors, orders that the application be, and it hereby is, granted, effective at the opening of business on January 17, 2003.

¹ 15 U.S.C. 78l(d).

² 17 CFR 240.12d2-2(c).