

where the spread in a security is a penny.

Nasdaq submitted Amendment No. 1 in response to one of the concerns raised by Knight. As discussed, Amendment No. 1 seeks to provide an alternative allocation account for those members for whom it may be cumbersome to establish a separate "riskless principal account." With regards to Knight's concern about the requirement that an offsetting transaction be allocated to either a riskless principal or customer account within 60 seconds, Nasdaq has not sought to make any changes to the proposed rule in response to this concern as this condition is consistent with previously stated Nasdaq policy regarding the handling of mixed capacity trades and compliance with the Manning Interpretation.⁹

Further, Nasdaq has not sought any changes to the rule proposal in response to the concerns raised by Schwab. The issues raised by Schwab largely relate to the operation of Manning relative to the rounding of quotes to the nearest penny due to subpenny trading that are beyond the scope of the proposed rule change.

IV. Discussion

The Commission has reviewed carefully the proposed rule change and the two comment letters and finds that the proposed rule change is consistent with the Act and the rules and regulations promulgated thereunder.¹⁰ Specifically, the Commission finds that approval of the proposed rule change is consistent with section 15A(b)(6) of the Act.¹¹

The Commission finds that proposed rule change is consistent with section 15A(b)(6) of the Act¹² in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and 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 the proposed rule change promotes the just and equitable principles of trade by continuing to provide protection to customer limit orders while removing possible impediments to filling customer orders on a riskless principal basis. In

⁹ See NASD Notice to Members 01-85, at Question 7 and Notice to Members 95-67, at Question 5.

¹⁰ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

¹¹ 15 U.S.C. 78o-3(b)(6).

¹² *Id.*

particular, the Commission finds that an exemption from Manning for single-priced riskless principal transactions done by market makers who are buying or selling securities to satisfy the order(s) of other customers is consistent with the goals of Manning since the true beneficiary of the market maker's activity is another customer and not the firm's proprietary account. Additionally, we believe the proposed exemption will appropriately address some of the concerns raised by members regarding the consequences created by Manning's minimum price improvement standard in a decimal environment.

The Commission also finds good cause for approving proposed Amendment No. 1 prior to the 30th day after the date of publication of notice of the filing in the **Federal Register**. The Amendment provides an alternative allocation account, other than a riskless principal account, as a more efficient means of complying with the conditions of the exemption for some members for whom establishing a separate riskless principal account may be cumbersome. Approving the Amendment on an accelerated basis will allow some members to implement the exemption without having to unnecessarily establish a separate riskless principal account. For this reason, the Commission finds good cause for accelerating approval of the proposed rule change, as amended.

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1, including whether the Amendment 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 Nasdaq. All submissions should refer to file number SR-NASD-2002-66 and should be submitted by January 10, 2003.

V. Conclusion

For the above reasons, the Commission finds that the proposed rule change is consistent with the provisions of the Act, in general, and with section 15A(b)(6),¹³ in particular.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁴ that the proposed rule change (SR-NASD-2002-66), as amended, be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁵

Margaret H. McFarland,

Deputy Secretary.

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DEPARTMENT OF STATE

[Public Notice 4234]

Culturally Significant Objects Imported for Exhibition Determinations: "The Devonshire Inheritance: Five Centuries of Collecting at Chatsworth"

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236 of October 19, 1999, as amended, I hereby determine that the objects to be included in the exhibition "The Devonshire Inheritance: Five Centuries of Collecting at Chatsworth," imported from abroad for temporary exhibition within the United States, are of cultural significance. The objects are imported pursuant to loan agreements with the foreign owners. I also determine that the exhibition or display of the exhibit objects at Dixon Gallery and Gardens, Memphis, TN from on or about April 24, 2003, to on or about August 17, 2003, at Bard Graduate Center for Studies in the Decorative Arts, New York, NY from on or about March 10, 2004 to on or about June 20, 2004, at Peabody Essex Museum, Salem, MA from on or about August 14, 2004 to on or about November 7, 2004, at the Society of the Four Arts, Palm Beach, FL from on or about December 7, 2004 to

¹³ 15 U.S.C. 78o-3(b)(6).

¹⁴ 15 U.S.C. 78s(b)(2).

¹⁵ 17 CFR 200.30-3(a)(12).

on or about January 16, 2005, at Tyler Museum of Art, Tyler, TX from on or about July 16, 2005 to on or about October 8, 2005, and at possible additional venues yet to be determined, is in the national interest. Public Notice of these Determinations is ordered to be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a list of the exhibit objects, contact Office of the Legal Adviser, U.S. Department of State, (telephone: 202/619-6982). The address is U.S. Department of State, SA-44, 301 4th Street, SW., Room 700, Washington, D.C. 20547-0001.

Dated: December 5, 2002.

Patricia S. Harrison,

Assistant Secretary for Educational and Cultural Affairs, Department of State.

[FR Doc. 02-32124 Filed 12-19-02; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 4233]

Culturally Significant Objects Imported for Exhibition Determinations: "Matisse Picasso"

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999 (64 FR 56014), and Delegation of Authority No. 236 of October 19, 1999 (64 FR 57920), as amended, I hereby determine that the objects to be included in the exhibition, "Matisse Picasso," imported from abroad for temporary exhibition within the United States, are of cultural significance. These objects are imported pursuant to loan agreements with foreign lenders. I also determine that the exhibition or display of the exhibit objects at the Museum of Modern Art, New York, New York, from on or about February 12, 2003, to on or about May 19, 2003, and at possible additional venues yet to be determined, is in the national interest. Public Notice of these determinations is ordered to be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: For further information, including a list of exhibit objects, contact Paul W. Manning, Attorney-Adviser, Office of the Legal Adviser, 202/619-5997, and

the address is United States Department of State, SA-44, Room 700, 301 4th Street, SW., Washington, DC 20547-0001.

Dated: December 12, 2002.

Miller Crouch,

Acting Assistant Secretary for Educational and Cultural Affairs, Department of State.

[FR Doc. 02-32123 Filed 12-19-02; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 4235]

An Invitation To Comment on the 2002 Progress Report on the Canada-United States Air Quality Agreement

The International Joint Commission invites public comment on progress by the United States and Canada in reducing transboundary air pollution under the 1991 Canada-United States Agreement on Air Quality. The 2002 Progress Report provides updates on acid rain control programs, ground-level ozone controls, cooperative efforts on particulate matter, data measurement and analysis, notification of sources of transboundary air pollution, and the results of the second five-year review of the agreement, among other issues. The Commission will provide a synthesis of comments received to the two governments and the public as directed by the Agreement.

The Governments of the United States and Canada signed an Agreement on Air Quality on March 13, 1991. The purpose of the Agreement was to establish a practical and effective instrument to address shared concerns on transboundary air pollution.

Under the terms of the Agreement, the Governments' bilateral Air Quality Committee reviews progress made in the implementation of the Agreement, prepares and submits periodic progress reports to the Governments, and refers each progress report to the International Joint Commission for solicitation of public input. The 2002 Progress Report of the Committee is now available and may be obtained from:

Clean Air Markets Division, U.S. Environmental Protection Agency, 1200 Pennsylvania Avenue, NW, (6204N), Washington, DC 20460. *Acid Rain Hotline:* (202) 564-9620
Environment Canada, Inquiry Centre, 351 St. Joseph Blvd., Hull, Quebec, K1A 0H3, (800) 668-6767.

The full report is also available at the following sites on the World Wide Web: <http://www.epa.gov/airmarkets/usca/2002report.html> http://www.ec.gc.ca/air/qual/2002/index_e.html

Under the Agreement, the Governments assigned the International Joint Commission the responsibility of inviting comments on each progress report of the Air Quality Committee. The International Joint Commission invites comment on any aspect of the 2002 Progress Report. Please send comments in writing by February 28, 2003, to either address below, or contact us if you have any questions about the comment process.

International Joint Commission, United States Section, 1250 23rd Street, NW., Suite 100, Washington, DC 20440.

Telephone: (202) 736-9000. *Fax:* (202) 736-9015, *E-mail:*

commission@washington.ijc.org

International Joint Commission, Canadian Section, 234 Laurier Ave., W., 22nd Floor, Ottawa, ON K1P 6K6. *Telephone:* (613) 995-2984. *Fax:* (613) 993-5583. *commission@ottawa.ijc.org*

Dated: December 16, 2002.

Gerry Galloway,

Secretary, United States Section, International Joint Commission.

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DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Review Under 49 U.S.C. 41720 of Delta/Northwest/Continental Agreements

AGENCY: Office of the Secretary, Department of Transportation.

ACTION: Extension of waiting period.

SUMMARY: As required by 49 U.S.C. 41720, Delta Air Lines, Northwest Airlines, and Continental Airlines have submitted code-sharing and frequent-flyer program reciprocity agreements to the Department for review. That statute requires the submission of such agreements between major U.S. passenger airlines at least thirty days before the agreements' proposed effective date. The statute empowers the Department to extend the waiting period for these agreements at the end of the thirty-day period. The Department has determined to extend the waiting period for the Delta/Northwest/Continental code-share agreements for an additional 30 days, from December 21, 2002, to January 20, 2003.

FOR FURTHER INFORMATION CONTACT:

Thomas Ray, Office of the General Counsel, 400 Seventh St., SW., Washington, DC 20590, (202) 366-4731.

SUPPLEMENTARY INFORMATION: On August 23, Delta, Northwest, and Continental submitted code-sharing and frequent-