

along with the filing of such proposal.¹³ The report must cover the entire time the Pilot Program was in effect, and must include: (1) Data and written analysis on the open interest and trading volume for options (at all strike price intervals) selected for the Pilot Program; (2) delisted options series (for all strike price intervals) for all options selected for the Pilot Program; (3) an assessment of the appropriateness of \$1 strike price intervals for the options the ISE selected for the Pilot Program; (4) an assessment of the impact of the Pilot Program on the capacity of the ISE's, OPRA's, and vendors' automated systems; (5) any capacity problems or other problems that arose during the operation of the Pilot Program and how the ISE addressed them; (6) any complaints that the ISE received during the operation of the Pilot Program and how the ISE addressed them; and (7) any additional information that would help to assess the operation of the Pilot Program.

The Commission finds good cause for approving the proposal prior to the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The ISE's Pilot Program is identical to a CBOE pilot program ("CBOE Pilot") that the Commission approved.¹⁴ Notice of the CBOE Pilot was published for comment¹⁵ and the Commission received one comment letter, which supported the CBOE's proposal. Accordingly, the Commission believes that the ISE's Pilot Program proposal raises no issues of regulatory concern. Amendment No. 1 to the proposal clarifies the proposal by specifying the date on which the Pilot Program will expire. For these reasons, the Commission believes that there is good cause, consistent with sections 6(b)(5) and 19(b) of the Act,¹⁶ to approve the ISE's proposal, as amended, on an accelerated basis.

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁷ that the proposed rule change (SR-ISE-2003-17) and Amendment No. 1 thereto are hereby approved, on an accelerated

basis and as a pilot program, through June 5, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Jill M. Peterson,

Assistant Secretary.

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DEPARTMENT OF STATE

[Public Notice 4384]

Bureau of Political-Military Affairs; Export of Defense Articles and Defense Services to India and Pakistan

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given that requests for export and retransfer of defense articles, defense services and related technical data to India or Pakistan pursuant to section 38 of the Arms Export Control Act (AECA) will be considered on a standard case-by-case basis. This notice reverses the policy of denial set forth in **Federal Register** Notices published on May 20, 1998 and June 17, 1998.

EFFECTIVE DATE: June 20, 2003.

FOR FURTHER INFORMATION CONTACT:

Peter J. Berry, Director, Office of Defense Trade Controls Licensing, Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State (202) 663-2700.

SUPPLEMENTARY INFORMATION: In 1998, pursuant to a Presidential determination under section 102(b) of the AECA, two **Federal Register** notices were published (63 FR 27781, May 20, 1998; and 63 FR 33122, June 17, 1998) that revoked all licenses and approvals to export or otherwise transfer defense articles and defense services to India and Pakistan, respectively. These **Federal Register** notices set forth a policy of denial for new requests for such licenses/approvals.

The President issued a waiver of the Glenn Amendment sanctions on India and Pakistan on September 22, 2001. Pursuant to section 9001(b) of the Department of Defense Appropriations Act, 2000 (Pub. L. 106-79), the President determined and certified to Congress that the sanctions and prohibitions in subparagraphs (B), (C), and (G) of section 102(b)(2) of the AECA would not be in the national security interests of the United States. (66 FR 50095, October 2, 2001.)

Section 9001(e) of the Department of Defense Appropriations Act, 2000, specifies that the issuance of a license for the export of defense articles, services, or technology to India or Pakistan pursuant to the waiver authority is subject to the same requirements as are applicable to the export of items described in section 36(c) of the AECA, including the transmittal of information and the application of Congressional review procedures. Consistent with this requirement, the Department provided a certification to Congress of proposed licenses or other approvals for the export of defense articles and defense services for India or Pakistan, regardless of the dollar value of the export.

The Foreign Relations Authorization Act, Fiscal Year 2003 (Pub. L. 107-228) amended the congressional notification requirements stated in section 9001(e) of the Department of Defense Appropriations Act, 2000. Pursuant to section 1405(b) export licenses to Pakistan or India must be reported to Congress only if they meet or exceed the dollar value thresholds of section 36(c) of the AECA. These thresholds are \$14,000,000 for major defense equipment and \$50,000,000 for defense articles or services.

Finally, on November 21, 2002 Missile Technology Control Regime (MTCR) Category I missile sanctions imposed on the Pakistani Ministry of Defense (MOD) and the Space and Upper Atmosphere Research Commission (SUPARCO) expired. These sanctions were imposed for engaging in missile-related cooperation with Chinese entities (Section 73(a)(1) of the Arms Export Control Act (AECA) and Section 11B of the Export Administration Act (EAA) of 1979, as amended). Therefore, licenses for the transfer of items on the United States Munitions List (USML) to the Pakistani MOD and SUPARCO will no longer be denied based on these sanctions.

In light of the Presidential waiver of the Glenn Amendment sanctions, the reestablishment of the dollar thresholds for congressional notification, and the expiration of the MTCR Category I missile sanctions, it is the policy of the Department to consider, on a standard case-by-case basis, applications and other requests for approval pertaining to defense articles/defense services for export/transfer to India or Pakistan.

Dated: June 25, 2003.

Lincoln P. Bloomfield, Jr.,

Assistant Secretary, Bureau of Political-Military Affairs, Department of State.

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¹³ The Commission expects the ISE to submit a proposed rule change at least 60 days before the expiration of the Pilot Program in the event the ISE wishes to extend, expand, or seek permanent approval of the Pilot Program.

¹⁴ See Securities Exchange Act Release No. 47991 (June 5, 2003), 68 FR 35243 (June 12, 2003) (order approving File No. SR-CBOE-2001-60).

¹⁵ See Securities Exchange Act Release No. 47753 (April 29, 2003), 68 FR 23784 (May 5, 2003).

¹⁶ 15 U.S.C. 78f(b)(5) and 78s(b).

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ 17 CFR 200.30-3(a)(12).