

of basic events such as equipment failures; and by addressing methods for estimating equipment unavailability. Furthermore, the handbook includes appendices describing the basics of probability and statistics used in performing the more detailed analyses discussed in the main portion of the document.

The handbook provides the basic information needed to generate estimates of the parameters commonly used in PRA analysis. It begins by describing the probability models and plant data used to evaluate each of the parameters. Possible sources for the plant data are identified and guidance on the collection, screening, and interpretation is provided. The statistical techniques (both Bayesian and classical methods) required to analyze the collected data and test the validity of statistical models are described. Examples are provided to help the PRA analyst utilize the different techniques. The handbook also provides advanced techniques that address modeling of time trends. Methods for combining data from a number of similar, but not identical sources are also provided. This includes empirical and hierarchical Bayesian approaches. Examples are provided to guide the analyst. The handbook does not provide guidance on parameter estimation for all of the events included in a PRA. Specifically, common cause failure and human error probabilities are not addressed. In addition, guidance is not provided regarding the use of expert elicitation. However, suggested references regarding these technical areas are provided in the handbook introduction.

Dated at Rockville, Maryland, this 21st day of February, 2003.

For the Nuclear Regulatory Commission.

Scott F. Newberry,

Director, Division of Risk Analysis and Applications, Office of Nuclear Regulatory Research.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-47386; File No. SR-NASD-2003-20]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 by the National Association of Securities Dealers, Inc. Relating to the Listing and Trading of Strategic Return Notes Linked to the Select Ten Index

February 20, 2003.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 14, 2003, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. On February 20, 2003, the Amex submitted Amendment No. 1 to the proposed rule change.³ 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

Nasdaq proposes to list and trade Strategic Return Notes® Linked to the Select Ten Index ("Notes") issued by Merrill Lynch & Co., Inc. ("Merrill Lynch").

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 III below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from John D. Nachmann, Senior Attorney, Nasdaq, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated February 20, 2003.

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

1. Purpose

Nasdaq proposes to list and trade notes, the return on which is based upon an approximately equal-dollar weighted portfolio of securities representing the ten highest dividend yielding stocks in the Dow Jones Industrial Average ("DJIA") from year to year ("Select Ten Index" or "Index").⁴

Under Rule 4420(f), Nasdaq may approve for listing and trading innovative securities which cannot be readily categorized under traditional listing guidelines.⁵ Nasdaq proposes to list for trading notes based on the Select Ten Index under Rule 4420(f). The Select Ten Index is expected to be determined, calculated and maintained solely by the American Stock Exchange ("Amex").⁶

The Notes will initially be subject to Nasdaq's listing criteria for other securities under Rule 4420(f).

Specifically, under Rule 4420(f)(1):

(A) The issuer shall have assets in excess of \$100 million and stockholders' equity of at least \$10 million. In the case of an issuer which is unable to satisfy the income criteria set forth in paragraph (a)(1), Nasdaq generally will require the issuer to have the following: (i) assets in excess of \$200 million and stockholders' equity of at least \$10 million; or (ii) assets in excess of \$100 million and stockholders' equity of at least \$20 million;

(B) There must be a minimum of 400 holders of the security, provided, however, that if the instrument is traded in \$1,000 denominations, there must be a minimum of 100 holders;

(C) For equity securities designated pursuant to this paragraph, there must be a minimum public distribution of 1,000,000 trading units;

(D) The aggregate market value/principal amount of the security will be at least \$4 million.

⁴ The portfolio of securities comprising the Select Ten Index currently consists of the ten common stocks in the DJIA having the highest dividend yield on May 24, 2002, and are as follows: Caterpillar Inc.; Eastman Kodak Company; E.I. du Pont de Nemours and Company; Exxon Mobil Corporation; General Motors Corporation; International Paper Company; J.P. Morgan Chase & Co.; Merck & Co., Inc.; Philip Morris Companies Inc.; and SBC Communications Inc.

⁵ See Securities Exchange Act Release No. 32988 (September 29, 1993); 58 FR 52124 (October 6, 1993).

⁶ Subject to the criteria in the prospectus supplement regarding the construction of the Index, the Amex has sole discretion regarding changes to the Index due to annual reconstitutions and adjustments to the Index and the multipliers of the individual components.