Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 17a–3(a)(16) (17 CFR 240.17a–3(a)(16)) under the Securities Exchange Act of 1934 identifies the records required to be made by broker-dealers that operate internal broker-dealer systems. Those records are to be used in monitoring compliance with the Commission's financial responsibility program and antifraud and antimanipulative rules, as well as other rules and regulations of the Commission and the self-regulatory organizations. It is estimated that approximately 105 active broker-dealer respondents registered with the Commission incur an average burden of 2,835 hours per year (105 respondents multiplied by 27 burden hours per respondent equals 2,835 total burden hours) to comply with this rule.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: July 8, 2004.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 04–16133 Filed 7–15–04; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–50000; File No. SR–ISE–2004–13]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the International Securities Exchange, Inc. to Adopt an Anti-Money Laundering Rule

July 9, 2004.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 10, 2004, the International Securities Exchange, Inc. (''Exchange'' or ''ISE'') 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 ISE. On July 7, 2004 ISE submitted Amendment No. 1 to the proposed rule change.[3] ISE filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act[4] and Rule 19b–4(f)(6) thereunder,[5] which renders the proposal effective upon filing with the Commission. 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

ISE is proposing to adopt Rule 420 regarding anti-money laundering. Below is the text of the proposed rule change. Proposed new language is in *italics.*

* * * * *

Rule 420. Anti-Money Laundering Compliance Program

Each Member shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the Member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.) and the implementing regulations promulgated thereunder by the Department of the Treasury. Each Member's anti-money laundering program must be approved, in writing, by the Member's senior management. The anti-money laundering programs required by this Rule shall, at a minimum,

(a) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder;

(b) Establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;

(c) Provide for independent testing for compliance to be conducted by the Member's personnel or by a qualified outside party;

(d) Designate and identify to the Exchange (by name, title, mailing address, e-mail address, telephone number, and facsimile number) an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program, and provide prompt notification to the Exchange regarding any change in such designation(s); and

(e) Provide ongoing training for appropriate personnel.

In the event that any of the provisions of this Rule 420 conflict with any of the provisions of another, applicable self-regulatory organization's rule requiring the development and implementation of an anti-money laundering compliance program, the provisions of the rule of the Member's Designated Examining Authority shall apply.

* * * * *

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 ISE 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 ISE 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

In response to the events of September 11, 2001, President Bush signed into law on October 26, 2001, the

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the ISE clarified that if the proposed rule conflicts with another, applicable self-regulatory organization's rule requiring the development and implementation of an anti-money laundering compliance program, the provisions of the rule of the Member's Designated Examining Authority shall apply. *See* Letter and attached amendment from Michael Simon to Nancy Sanow, Division of Market Regulation, Commission, dated July 7, 2004 (''Amendment No. 1'').

[4] 15 U.S.C. 78s(b)(3)(A).

[5] 17 CFR 240.19b–4(f)(6).

Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the ''Patriot Act'')[6] to address terrorist threats through enhanced domestic security measures. Among other things the Patriot Act expanded law enforcement surveillance powers, increased information sharing among law enforcement and financial institutions, and broadened anti-money laundering requirements. The Patriot Act amends, among other laws, the Bank Secrecy Act, as set forth in Title 31 of the United States Code.[7] Certain provisions of Title III of the Patriot Act, also known as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (''MLAA''), impose affirmative obligations on a broad range of financial institutions, including broker-dealers, specifically requiring the establishment of anti-money laundering monitoring and supervisory programs.

MLAA Section 352 requires all financial institutions (including broker-dealers) to establish anti-money laundering programs that include, at a minimum: (i) Internal policies, procedures and controls; (ii) the specific designation of an anti-money laundering compliance officer; (iii) an ongoing employee training program; and (iv) an independent audit function to test the anti-money laundering program.

The Commission has approved NASD's and several other exchanges' proposals to adopt rules requiring their members and member organizations to establish anti-money laundering compliance programs with the minimum standards described above.[8] Proposed ISE Rule 420, entitled ''Anti-Money Laundering Compliance Program'' involves similar requirements. Adoption of the proposed rule would establish a regulatory framework for members and member organizations to comply with the requirements of the Patriot Act in this area. Member and member organizations subject to and in compliance with NASD Rule 3011 or NYSE Rule 445 will be considered in compliance with ISE Rule 420.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)[9] that an exchange have rules that are designed to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The ISE has designated the proposed rule change as one that does not: (i) Significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Therefore it has become effective pursuant to Section 19(b)(3)(A) of the Act[10] and Rule 19b–4(f)(6) thereunder.[11] At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. For purposes of calculating the 60-day abrogation period, the Commission considers the proposed rule change to have been filed on July 7, 2004 when Amendment No. 1 was filed.[12]

Pursuant to Rule 19b–4(f)(6)(iii) under the Act,[13] the proposal may not become operative for 30 days after the date of its filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, and the Exchange must file notice of its intent to file the proposed rule change at least five business days beforehand. The Exchange has requested that the Commission waive the five-day pre-filing requirement and the 30-day operative delay so that the proposed rule change will become immediately effective upon filing.

The Commission believes that waiving the five-day pre-filing provision and the 30-day operative delay is consistent with the protection of investors and the public interest.[14] Waiving the pre-filing requirement and accelerating the operative date will merely establish a framework for ISE members and member organizations to comply with the requirements of the Patriot Act in this area in a manner similar to that of the NASD and NYSE. For these reasons, the Commission designates the proposed rule change as effective and operative immediately.

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. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an E-mail to *rule-comments@sec.gov. Please include File Number SR–ISE–2004–13 on the subject line.*

Paper Comments

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609.

All submissions should refer to File Number SR–ISE–2004–13. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). 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

[6] Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107–56, 115 Stat. 272 (2001).

[7] 31 U.S.C. 5311, *et seq.*

[8] See, *e.g.*, Securities Exchange Act Release No. 45798 (April 22, 2002), 67 FR 20854 (April 26, 2002) (Order approving SR–NASD–2002–24 and SR–NYSE–2002–10).

[9] 15 U.S.C. 78f(b)(5).

[10] 15 U.S.C. 78s(b)(3)(A).

[11] 17 CFR 240.19b–4(f)(6).

[12] *See* note 3, *supra.*

[13] 17 CFR 240.19b–4(f)(6)(iii).

[14] For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–ISE–2004–13 and should be submitted on or before August 6, 2004.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 04–16181 Filed 7–15–04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–49998; File No. SR–NSX–2004–10]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto by National Stock Exchange Relating to Corporate Governance

July 9, 2004.

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 June 17, 2004, National Stock Exchange (''NSX'' or ''Exchange'') 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 the Exchange. On June 29, 2004, the Exchange filed Amendment No. 1 to the proposal.[3] On July 9, 2004, the Exchange filed Amendment No. 2 to the proposal.[4] On July 9, 2004, the Exchange filed Amendment No. 3 to the proposed rule change.[5] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and is approving the proposal on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to adopt changes to its listings standards that are aimed to ensure the independence of directors of listed companies and to strengthen corporate governance practices of listed companies.

Below is the text of the proposed rule change, as amended. Proposed new language is in *italics;* proposed deletions are in brackets.

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RULES OF NATIONAL STOCK EXCHANGE

* * * * *

CHAPTER XIII

Miscellaneous Provisions

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Rule 13.6.

(a) General Application. Companies listed on the Exchange must comply with certain standards regarding corporate governance as codified in this Rule 13.6. Consistent with requirements of the Sarbanes-Oxley Act of 2002, certain provisions of this Rule 13.6 are applicable to some listed companies but not to others.

(1) Equity Listings. Rule 13.6 applies in full to all companies listing common equity securities, with the following exceptions:

(a) Controlled Companies. A company of which more than 50% of the voting power is held by an individual, a group or another company need not comply with the requirements of Rule 13.6(d)(1), (4) or (5). A controlled company that chooses to take advantage of any or all of these exemptions must disclose that choice, that it is a controlled company and the basis for the determination in its annual proxy statement or, if the company does not file an annual proxy statement, in the company's annual report on Form 10–K filed with the Commission. Controlled companies must comply with the remaining provisions of Rule 13.6.

(b) Limited Partnerships and Companies in Bankruptcy. Due to their unique attributes, limited partnerships and companies in bankruptcy proceedings need not comply with the requirements of Rule 13.6(d)(1), (4) or (5). However, all limited partnerships (at the general partner level) and companies in bankruptcy proceedings must comply with the remaining provisions of Rule 13.6.

(c) Closed-End and Open-End Funds. The Exchange considers that many of the significantly expanded standards and requirements provided for in Rule 13.6 to be unnecessary for closed-end and open-end management investment companies that are registered under the Investment Company Act of 1940, given the pervasive federal regulation applicable to them. However, registered closed-end funds must comply with the requirements of Rule 13.6(d)(6), (7)(a) and (c), and (12). Note, however, that in view of the common practice to utilize the same directors for boards in the same fund complex, closed-end funds will not be required to comply with the disclosure requirement in the second paragraph of the Interpretations and Policies to Rule 13.6(d)(7)(a) which calls for disclosure of the board's determination with respect to simultaneous service on more than three public company audit committees. However, the other provisions of that paragraph will apply.

Business development companies, which are a type of closed-end management investment company defined in Section 2(a)(48) of the Investment Company Act of 1940 that are not registered under that Act, are required to comply with all of the provisions of Rule 13.6 applicable to domestic issuers other than Rule 13.6(d)(2) and (7)(b). For purposes of Rule 13.6(d)(1), (3), (4), (5), and (9), a director of a business development company shall be considered to be independent if he or she is not an ''interested person'' of the company, as defined in Section 2(a)(19) of the Investment Company Act of 1940.

As required by Rule 10A–3 under the Act, open-end funds (which can be listed as Investment Company Units, more commonly known as Exchange Traded Funds or ETFs) are required to

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[15] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(l).

[2] 17 CFR 240. 19b–4.

[3] *See* letter from Jennifer M. Lamie, Assistant General Counsel and Corporate Secretary, NSX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated June 28, 2004 (''Amendment No.1''). In Amendment No. 1, the Exchange clarified the date on which the Exchange's Board of Trustees approved the proposed rule change and made technical changes to the proposed rule text. Amendment No. 1 replaced the original filing in its entirety.

[4] *See* letter from Jennifer M. Lamie, Assistant General Counsel and Corporate Secretary, NSX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated July 8, 2004 (''Amendment No. 2''). The changes made by Amendment No. 2 are incorporated in the proposal as set forth below.

[5] *See* letter from Jennifer M. Lamie, Assistant General Counsel and Corporate Secretary, NSX, to Nancy J. Sanow, Assistant Director, Division of Market Regulation, Commission, dated July 9, 2004 (''Amendment No. 3''). Amendment No. 3 was a technical amendment and is not subject to notice and comment.