

six years from the date of determination, the first two years in an easily accessible place, a record of such determination and the basis upon which the determination was made. This record will be subject to examination by the Commission and its staff.

11. Before an Investing Fund may participate in a Securities Lending Program, a majority of the Board, including a majority of the Independent Trustees, will approve the Investing Fund's participation in the Securities Lending Program. The Board will evaluate the securities lending arrangement and its results no less frequently than annually and determine that any investment of Cash Collateral in the Central Funds is in the best interest of the Investing Fund.

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

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of January 10, 2005:

A closed meeting will be held on Thursday, January 13, 2005 at 2 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Atkins, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matter of the closed meeting scheduled for Thursday, January 13, 2005, will be:

Formal orders of investigations;

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings of an enforcement nature; and

Adjudicatory matters.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: the Office of the Secretary at (202) 942-7070.

Dated: January 5, 2005.

**Jonathan G. Katz,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-50956; File No. SR-NASD-2004-190]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. To Establish the Minimum Quotation Increment for the BRUT ECN System

January 3, 2005.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 30, 2004, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. Nasdaq has filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> 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

Nasdaq proposes to establish a new NASD Rule 4912 to set the minimum quotation increment for the BRUT ECN System ("BRUT"). Nasdaq has designated this proposal as non-controversial and has requested that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.<sup>5</sup> If

the Commission grants such a waiver, then this rule proposal, which is effective upon filing with the Commission, shall become operative on January 3, 2005 pursuant to Rule 19b-4(f)(6) under the Act.<sup>6</sup>

The text of the proposed rule change is below. Proposed new language is italicized.<sup>7</sup>

\* \* \* \* \*

**4912. Minimum Quotation Increment**  
*The minimum quotation increment in the BRUT ECN System for quotations of \$1.00 or above in Nasdaq-listed securities and in securities listed on a national securities exchange shall be \$0.01. The minimum quotation increment in the BRUT ECN System for quotations below \$1.00 in Nasdaq-listed securities and in securities listed on a national securities exchange shall be \$0.0001.*

\* \* \* \* \*

#### 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 IV below. Nasdaq 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

Currently, the minimum quotation increment in the Nasdaq Market Center ("NMC") is \$0.01 for all quotations. However, in BRUT, which was recently purchased by Nasdaq, the minimum quotation increment can be below \$0.01 for orders priced under \$5.00. Nasdaq states that the purpose of the proposed rule change is to bring BRUT closer to the existing NMC practice by lowering the \$5.00 threshold to \$1.00 and setting the minimum quotation increment at \$0.01 for all Nasdaq-listed and exchange-listed security quotations of

<sup>6</sup> 17 CFR 240.19b-4(f)(6).

<sup>7</sup> The proposed rule change will add a new NASD Rule 4912 to a pending new NASD Rule series 4900 (proposed NASD Rules 4901 through 4911), which has been filed with the Commission. See SR-NASD-2004-173. When the proposed rule change contained herein becomes operational, Nasdaq will make a conforming amendment to the pending filing.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> 17 CFR 240.19b-4(f)(6)(iii).