cost to Vanguard and/or the third party investment adviser(s) of, or the approximate portion of the total fee paid to Vanguard and/or the third party investment adviser by each Member Fund that is attributable to, managing the portion of the Member Fund's Uninvested Cash that can be expected to be invested in the CMT Funds. In connection with their annual review and approval of the proposed allocation of the costs of the operation of Vanguard among the Member Funds, and/or investment advisory agreements with the third party investment adviser(s), the Boards, including a majority of the Independent Trustees, shall consider to what extent, if any, such allocated costs and/or advisory fees should be reduced to account for reduced services provided to the Member Funds by Vanguard or a third party investment adviser as a result of Uninvested Cash being invested in the CMT Funds. The minute books of the Member Funds will record fully the Board's consideration in approving the allocated costs and/or advisory agreement(s), including the considerations related to fees referred to above.

6. Before the next meeting of the Boards of the Non-Member Funds is held for the purpose of considering and approving the continuation for one year of the management agreement between the Non-Member Fund and Vanguard, and, if applicable, for purposes of approving an investment advisory agreement with third party investment adviser(s) pursuant to section 15 of the Act, Vanguard and, if applicable, the third party investment adviser(s), will provide the Boards with specific information regarding the approximate cost to Vanguard and/or the third party investment adviser(s) of, or the approximate portion of the total fee paid to Vanguard and/or the third party investment adviser by each Non-Member Fund that is attributable to, managing the portion of the Non-Member Fund's Uninvested Cash that can be expected to be invested in the CMT Funds. In connection with its consideration and approval of the continuation for one year of the management agreement between the Non-Member Fund and Vanguard, and, if applicable, the investment advisory agreement with the third party investment adviser(s), the Boards, including a majority of the Independent Trustees, shall consider to what extent, if any, such allocated costs and/or advisory fees should be reduced to account for reduced services provided to the Non-Member Funds by Vanguard or a third party investment adviser as a result of Uninvested Cash being invested in the CMT Funds. The minute books of the Non-Member Funds will record fully the Board's consideration in approving the allocated costs and/or advisory agreement(s), including the considerations related to fees referred to above.

7. Before a Vanguard Fund that participates in the Securities Lending Program is permitted to invest Cash Collateral in the Cash Management Trust, a majority of the Board (including a majority of Independent Trustees) will approve such investment. No less frequently than annually, the Board also will evaluate, with respect to each Vanguard Fund, any securities lending arrangement and its results and determine that any investment of Cash Collateral in the CMT Funds is in the best interests of the Vanguard Fund.

8. Each of the Vanguard Funds may invest in, and hold shares of, a CMT Fund only to the extent that the Vanguard Fund's aggregate investment of Uninvested Cash in the CMT Fund at the time the investment is made does not exceed 25% of the total assets of the Vanguard Fund.

9. When engaging in Interfund Transactions, the participating Other Vanguard Account and the participating CMT Fund or Vanguard Fund will comply with rule 17a-7 under the Act in all respects other than the requirement that the parties to the transaction be affiliated persons (or affiliated persons of affiliated persons) of one another solely by reason of having a common investment adviser (or investment advisers that are affiliated persons of each other), common officers, and/or common directors, solely because the Other Vanguard Accounts and the CMT Funds might become affiliated persons within the meaning of section 2(a)(3)(A) and (B) of the Act.

Applicants agree that condition 2 of the Amended STAR Order shall be replaced with the following condition:

No acquired Vanguard Fund shall acquire securities of any other investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent such acquired Vanguard Fund acquires securities of another investment company pursuant to exemptive relief from the Commission permitting such acquired Vanguard Fund to acquire securities of one or more registered open-end investment companies in the same group of investment companies as the acquired Vanguard Fund that are money market funds or short-term bond funds for short-term cash management purposes.

Applicants agree that condition 2 of the Fund of Index Funds Order shall be replaced with the following condition:

No acquired underlying Index Portfolio shall acquire securities of any other investment company or any company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent such acquired underlying Index Portfolio acquires securities of another investment company pursuant to exemptive relief from the Commission permitting such acquired underlying Index Portfolio to acquire securities of one or more registered open-end investment companies in the same group of investment companies as the acquired underlying Index Portfolio that are money market funds or short-term bond funds for short-term cash management purposes.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 04–7496 Filed 4–1–04; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–49488; File No. SR–AMEX–2004–18]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Order Granting Accelerated Approval to the Proposed Rule Change Relating to an Extension of the Marketing Fee Voting Procedures Pilot Program

March 26, 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 March 11, 2004, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change relating to the marketing fee voting procedures pilot program. The proposed rule change is described in Items I and II below, which the Amex has prepared. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change. The Commission is also approving the proposal on an accelerated basis.

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

[2] 17 CFR 240.19b–4.

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

The American Stock Exchange LLC (the ''Amex'' or the ''Exchange'') proposes to extend, for an additional six (6) months, the Exchange's marketing fee voting procedures pilot program (the ''Pilot Program'').

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 Amex included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it had 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.

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

1. Purpose

In June 2003, the Amex reinstated an equity option marketing fee on the transactions of specialists and registered options traders (''ROTs'') involving customer orders from firms that accept payment for directing their orders to the Exchange.[3] On September 30, 2003, the Exchange adopted new voting procedures, operative on a six-month pilot basis, in connection with its reinstatement of the marketing fee program.[4] The Pilot Program's voting procedures are set forth in Commentary .11 to Amex Rule 958. These procedures establish the voting eligibility requirements for ROTs and the manner in which ROTs may determine to discontinue their participation in the marketing fee program.

Subsequently, in December 2003, the Exchange proposed to expand the number of eligible registered options traders entitled to vote in connection with the marketing fee program. In January 2004, the Commission approved the amended ROT voter eligibility requirements as part of the Pilot Program.[5] Based on the Exchange's limited experience with the revised voting procedures, the Exchange proposes that the Commission extend the Pilot Program for an additional six (6) months until September 30, 2004. During this time, the Exchange represents that it would have gained additional experience operating the Pilot Program and would be in a better position to request permanent approval.

2. Statutory Basis

The Amex believes that the rule change is consistent with section 6 of the Act,[6] particularly section 6(b)(5) of the Act.[7] The Exchange believes that the proposed rule change is intended 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 Amex does not believe that the proposed rule change would 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. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal 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. Comments may also be submitted electronically at the following e-mail address: *rule-comments@sec.gov.* All comment letters should refer to File No. SR–Amex–2004–18, and 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, comments may be sent in hard copy or by e-mail, but not by both methods. 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 the Amex. All submissions should refer to File No. SR–Amex–2004–18 and should be submitted by April 23, 2004.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of section 6(b)(5) of the Act.[8] The Commission believes that the proposed extension of the Pilot Program would continue to allow ROTs to have a voice regarding whether to discontinue the marketing fee program in those option classes in which they act as market makers.

The Amex has requested accelerated approval of its proposal to extend the Pilot Program until September 30, 2004. According to the Amex, the proposal raises no novel issues and would merely extend the current Pilot Program for an additional six months until September 30, 2004. Based upon the Amex's

[3] *See* Securities Exchange Act Release No. 48053 (June 17, 2003), 68 FR 37880 (June 25, 2003) (SR–Amex–2003–50).

[4] *See* Securities Exchange Act Release No. 48577 (September 30, 2003), 68 FR 57943 (October 7, 2003) (SR–Amex–2003–80).

[5] *See* Securities Exchange Act Release No. 49115 (January 22, 2004), 69 FR 4332 (January 29, 2004) (SR–Amex–2003–114). The Exchange's proposal was intended to increase participation in the voting process for those ROTs that significantly concentrate their trading activity to particular option classes adjacent to each other that may have more than one (1) individual specialist. The criteria set forth in Commentary .11 to Amex Rule 958 provides that: (1) The option classes must be located in adjacent trading locations on the trading floor; and (2) the ROT must be continuously signed onto Auto-Ex and/or Quick Trade in those particular options classes. In order to vote, a ROT will still be required to meet the 80% contract volume and transaction requirement; however, the 80% requirement will be calculated based on the total trading activity of the ROT in multiple option classes.

[6] 15 U.S.C. 78f.

[7] 15 U.S.C. 78f(b)(5).

[8] 15 U.S.C. 78f(b)(5). Section 6(b)(5) of the Act requires that the rules of a national securities exchange be ''designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.''

representations, the Commission finds good cause, consistent with section 19(b)(2) of the Act,[9] to approve the proposed rule change to extend the Pilot Program, prior to the thirtieth day after the date of publication of notice thereof in the **Federal Register**. The Commission believes that the extension of the Pilot Program will permit the Exchange to gain additional experience with its operation. Further, the Commission notes that no changes are being made to the Pilot Program other than its extension until September 30, 2004. Accordingly, the Commission is approving, on an accelerated basis, the proposed extension of the Pilot Program until September 30, 2004.[10]

V. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,[11] that the six-month extension of the Pilot Program until September 30, 2004, as set forth in SR–Amex–2004–18, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[12]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 04–7499 Filed 4–1–04; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–49489; File No. SR–DTC–2004–01]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Termination of TaxReclaim Service

March 26, 2004.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on March 8, 2004, The Depository Trust Company (''DTC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The proposed rule change would permit DTC to terminate its TaxReclaim service.

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.[2]

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

The proposed rule change consists of the termination of DTC's TaxReclaim service. TaxReclaim assists DTC participants in preparing foreign tax reclaim forms required for reclaiming taxes withheld by foreign jurisdictions with respect to distributions in foreign securities. Using DTC's Participant Terminal System, DTC participants input data relating to the beneficial owner, foreign security, and payment details as required by the country of issuance. TaxReclaim processes the information and transmits back to the participant the completed tax reclaim form, reclaim calculation, and instructions for filing the reclaim form.

TaxReclaim was introduced in 1999. Usage in recent years has decreased significantly due in part to the expansion of DTC's TaxRelief product. TaxRelief facilitates participants' ability to obtain tax relief at the source, reducing the instances of over-withholding by the taxing authorities of the foreign jurisdiction. The expansion of TaxRelief has reduced the need for participants to use TaxReclaim to file reclaim forms. In calendar year 2003, usage of TaxReclaim declined to 209 transactions processed by seven participants.

DTC notified the users of TaxReclaim in January 2004 that the service would be terminated in 2004. All users have found alternate tax reclaim service providers, and there are currently no users of the TaxReclaim service.

The proposed rule change is consistent with the requirements of section 17A(b)(3)(A) of the Act[3] and the rules and regulations thereunder applicable to DTC and is consistent with the safeguarding of securities and funds in DTC's custody or control or for which it is responsible. The proposed rule change promotes the efficient allocation of DTC's resources and services among DTC's participants by terminating operation of a service that was not being utilized by a sufficient number of DTC participants to support its costs.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC perceives no adverse impact on competition by reason of the proposed rule change.

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

DTC has not solicited nor received written comments on the proposed rule change. DTC will inform the Commission of any written comments it receives.

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

The foregoing rule change relating to the deleted fine has become effective upon filing pursuant to section 19(b)(3)(A)(iii) of the Act[4] and Rule 19b–4(f)(4)[5] thereunder because the proposed rule effects a change in an existing service of DTC that (i) does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and (ii) does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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.

[9] 15 U.S.C. 78s(b)(2).

[10] In approving the proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[11] 15 U.S.C. 78s(b)(2).

[12] 17 CFR 200.30–3(a)(12).

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

[2] The Commission has modified the text of the summaries prepared by DTC.

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

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

[5] 17 CFR 240.19b–4(f)(4).