

incurred in connection with the reorganization and liquidation were paid by Old Mutual (US) Holdings Inc., parent of applicant's investment adviser.

Filing Date: The application was filed on July 26, 2002.

Applicant's Address: One Freedom Valley Dr., Oaks, PA 19456.

Putnam Preferred Income Fund [File No. 811-3873]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On May 17, 2002, applicant made a liquidating distribution to its shareholders, based on net asset value. Applicant has retained assets in the amount of \$44,250 to pay outstanding liabilities. Applicant incurred no expenses in connection with the liquidation.

Filing Dates: The application was filed on May 31, 2002, and amended on July 25, 2002.

Applicant's Address: One Post Office Sq., Boston, MA 02109.

Friends Ivory Funds [File No. 811-9601]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On March 29, 2002, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$5,000 incurred in connection with the liquidation were paid by Friends Ivory Social Awareness Fund and Friends Ivory European Social Awareness Fund.

Filing Dates: The application was filed on July 3, 2002, and amended on July 26, 2002.

Applicant's Address: 1209 Orange St., Wilmington, DE 19801.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-22845 Filed 9-6-02; 8:45 am]

BILLING CODE 8010-01-P

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 Commissions will hold the following meeting during the week of September 9, 2002: A Closed Meeting will be held on Tuesday, September 10, 2002, at 10 a.m.

Commissioner Atkins, as duty officer, determined that no earlier notice thereof was possible.

Commissioners, Counsel to the Commissions, the Secretary of 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.

The subject matter of the Closed Meeting scheduled for Tuesday, September 10, 2002, will be: Litigation matter; Institution and settlement of injunctive actions; and Institution and settlement of administrative proceedings of an enforcement nature.

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: September 4, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-22887 Filed 9-4-02; 4:41 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46440; File No. SR-MSRB-2002-09]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of Proposed Rule Change Relating to Arbitration

August 30, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ 15 U.S.C. 78s(b)(1),² notice is hereby given that on August 19, 2002, the Municipal Securities Rulemaking Board ("Board" or "MSRB") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change (File No. SR-MSRB-2002-09). The proposed rule change is described in Items I, II, and III below, which Items have been prepared by the Board. The Commission is publishing this notice to solicit

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Board is filing herewith a proposed rule change relating to arbitration. Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are in brackets.

Rule G-35. Arbitration

[Every broker, dealer and municipal securities shall be subject to the Arbitration Code set forth herein.

Arbitration Code]

Section 1 through Section 37. Deleted.

[Section 38.] Arbitration Involving Bank Dealers.

As of January 1, 1998, every bank dealer (as defined in rule D-8) shall be subject to the Code of Arbitration Procedure of the National Association of Securities Dealers, Inc. ("NASD") for every claim, dispute or controversy arising out of or in connection with the municipal securities activities of the bank dealer acting in its capacity as such. For purposes of this rule, each bank dealer shall be subject to, and shall abide by, the NASD's Code of Arbitration Procedure, *including any amendments thereto*, as if the bank dealer were a "member" of the NASD.

Rule A-16. Arbitration Fees and Deposits

Rescinded

* * * * *

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

In its filing with the Commission, the MSRB 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 texts of these statements may be examined at the places specified in Item IV below. The MSRB 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

(a) In 1997, the MSRB amended Rule G-35, on arbitration, to provide that it would not accept any new arbitration claims filed on or after January 1, 1998

(the "1997 amendments").³ The MSRB noted that any customer or securities dealer with a claim, dispute or controversy against a broker, dealer or municipal securities dealer ("dealer") involving its municipal securities activities may submit that claim to the arbitration forum of any self-regulatory organization ("SRO") of which the dealer is a member, including the National Association of Securities Dealers, Inc. ("NASD"). Bank dealers, however, are unique in that they are subject to the MSRB's rules but are not members of any other SRO. Thus, it was necessary to provide an alternative arbitration forum for claims involving the municipal securities activities of bank dealers. The 1997 amendments accomplished this by providing that as of January 1, 1998 every bank dealer, as defined in Rule D-8,⁴ shall be subject to the NASD's Code of Arbitration Procedure (the "NASD's Code") for every claim, dispute or controversy arising out of or in connection with the municipal securities activities of the bank dealer acting in its capacity as such. The 1997 amendments further required that bank dealers abide by the NASD's Code as if they were "members" of the NASD for purposes of arbitration. However, the enforcement mechanism for bank dealers was not altered by the amendments; the bank regulatory agencies continue to be responsible for the inspection and enforcement of bank dealers' municipal securities activities, including arbitration.⁵

At the time of the 1997 amendments, the MSRB stated that it would "continue to operate its program in order to administer its current, open cases and any new claims received prior to January 1, 1998, but will discontinue administering its arbitration program when all such cases have been closed."⁶ The MSRB further stated that, at such time, it would submit a filing to the Commission to delete Sections 1 through 37 of Rule G-35, and rescind Rule A-16, on arbitration fees and deposits.⁷ On May 14, 2002, the MSRB transferred its final, open arbitration

³ File No. SR-MSRB-97-04, approved in Release No. 34-39378 (Dec. 1, 1997).

⁴ Rule D-8 defines "bank dealer" to mean a municipal securities dealer which is a bank or a separately identifiable department or division of a bank as defined in Rule G-1.

⁵ Thus, for example, a bank dealer's refusal to submit to arbitration pursuant to the NASD's Code, or a bank dealer's failure to pay an arbitration award rendered pursuant to that Code, would constitute a violation of MSRB Rule G-35 since it is this rule that subjects bank dealers to the NASD's Code.

⁶ File No. SR-MSRB-97-04 at page 2.

⁷ Id. at page 3.

case to the NASD. There are no further arbitration cases pending before the MSRB. Accordingly, the MSRB is submitting the proposed rule change to delete Sections 1 through 37 of Rule G-35, on arbitration, and to rescind Rule A-16, on arbitration fees and deposits. The proposed rule change also incorporates by reference into Rule G-35 changes to the NASD's Code.⁸ The MSRB notes that any customer or securities dealer with a claim, dispute or controversy against a bank dealer involving its municipal securities activities may continue to submit that claim to the NASD's arbitration program.

(b) The MSRB has adopted the proposed rule change pursuant to Section 15B(b)(2)(C) and (D) of the Act, which provide that the MSRB's rules shall:

be designed * * *, in general, to protect investors and the public interest * * * [and] if the Board deems appropriate, provide for the arbitration of claims, disputes, and controversies relating to transactions in municipal securities * * *.

As noted in the 1997 amendments, the MSRB deems it no longer appropriate to administer an arbitration program. All non-bank dealers engaged in municipal securities activities are members of the NASD, and the NASD's arbitration program is available to those dealers and their customers for any claim, dispute or controversy arising out of, or in connection with, the municipal securities activities of such dealers. The MSRB believes that the proposed rule change provides for the protection of investors and the public interest including those investors who wish to pursue arbitration claims against bank dealers in connection with their municipal securities activities by ensuring that there is an arbitration forum available (*i.e.*, the NASD arbitration program) for such claims.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act since it would continue to subject bank dealers to the

⁸ In April 2002, at the request of the SEC's Division of Market Regulation, the MSRB requested that, pursuant to Section 36 of the Act and Rule 0-12 thereunder, the SEC grant an exemption from the requirements of Section 19(b) of the Act and Rule 19b-4 thereunder to allow the MSRB to incorporate by reference into Rule G-35 any changes to the NASD's Code without requiring that the MSRB submit a separate filing for each such change. See letter from Diane G. Klinke, General Counsel, MSRB, to Jonathan G. Katz, Secretary, SEC, dated April 4, 2002.

NASD's Code of Arbitration Procedure in connection with their municipal securities activities. Non-bank dealers already are subject to the NASD's Code by virtue of being NASD members.

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

Written comments were neither solicited nor received.

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

Within 35 days of the publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve the proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule 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. Copies of the submissions, 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 the filing will also be available for inspection and copying at the Board's offices. All submissions should refer to File No. SR-MSRB-2002-09 and should be submitted by September 30, 2002.

For the Commission by the Division of Market Regulation, pursuant to delegated Authority.⁹

Margaret H. McFarland,
Deputy Secretary.

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⁹ 17 CFR 200.30-3(a)(12).