

bid and offer are zeroed out, the ECN will be placed into an excused withdrawal state until the ECN transmits to Nasdaq a revised Attributable Quote/Order.

(iii) through (iv) No Change.

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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, NASD rules regarding Nasdaq's SuperMontage system allow NNMS Order-Delivery ECNs a maximum time period of 30 seconds to respond to non-directed orders sent to them by the system.⁴ If an Order-Delivery ECN fails to respond within those 30 seconds, the delivered order is canceled by SuperMontage and forwarded to the next NNMS Quoting Market Participant in queue for execution. The ECN's quote at the price level on the side of the market to which the order was delivered is then reduced to zero.⁵ In this filing, Nasdaq proposes to reduce that maximum response time from 30 seconds to 7 seconds. Other than the reduction in the response-time maximum, Nasdaq represents that non-directed orders that time-out in ECNs will continue to be processed (e.g., canceled by SuperMontage and forwarded to the next party available for execution) in the same manner.

Nasdaq believes that the current 30-second response time is excessive, and can inappropriately delay the processing of orders.⁶ According to

Nasdaq, this is particularly the case given Nasdaq's recent analysis of ECN responsiveness, which indicates that the average response-time across all ECNs participating in SuperMontage is less than one quarter of a single second. Nasdaq believes that the 7-second maximum response time proposed here draws an appropriate balance between giving ECNs ample time to execute non-directed orders sent to them, and the need of other market participants to more swiftly retrieve and execute orders originally dispatched to non-responsive ECNs. Nasdaq will continue to monitor ECN responsiveness to delivered orders in SuperMontage and propose additional modification to response time parameters if warranted.

2. Statutory Basis

Nasdaq believes that the proposed rule change, as amended, is consistent with the provisions of section 15A of the Act⁷ in general, and with section 15A(b)(6) of the Act⁸ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of, 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

Nasdaq does not believe that the proposed rule change will result in 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

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 date of 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:

messages to market participants. Nasdaq believes that, based upon SuperMontage's performance to date, such concerns are no longer valid.

⁷ 15 U.S.C. 78o-3.

⁸ 15 U.S.C. 78o-3(6).

A. By order approve such 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 change, as amended, 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 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 NASD.

All submissions should refer to File No. SR-NASD-2003-72 should be submitted by June 13, 2003.

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

Jill M. Peterson,

Assistant Secretary.

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DEPARTMENT OF STATE

[Public Notice 4373]

Culturally Significant Objects Imported for Exhibition Determinations: "Hendrick Goltzius, Dutch Master (1558-1617): Drawings, Prints and Paintings"

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of

⁹ 17 CFR 200.30-3(a)(12).

⁴ See NASD rule 4710(b)(1)(C)(ii).

⁵ The ECN's quote on that side of the market will remain at zero until the ECN transmits to Nasdaq a revised Attributable Quote/Order. If both the bid and offer are zeroed out, the ECN will be placed into an excused withdrawal state until the ECN transmits to Nasdaq a revised Attributable Quote/Order.

⁶ Nasdaq notes that the 30-second time period contained in the current rule resulted, in part, because of concerns raised by commenters about past Nasdaq system issues related to the delivery of