

including overall supervisory responsibility for the general management and investment of each Fund's portfolio, and subject to review and approval by the Board, will: (i) set the Fund's overall investment strategies; (ii) select managers, (iii) when appropriate, recommend to the Board the allocation and reallocation of a Fund's assets among multiple Managers; (iv) monitor and evaluate the performance of Manager; and (v) ensure that the Managers comply with the Fund's investment objectives, policies, and restrictions.

8. No director or officer of the Company or director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by that director or officer) any interest in a Manager except for (i) ownership of interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser; or (ii) ownership of less than 1% of the outstanding securities of any class of debt or equity of a publicly-traded company that is either a Manager or an entity that controls, is controlled by, or is under common control with a Manager.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 98-15826 Filed 6-12-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40075; File No. SR-CBOE-98-07]

### Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Committee Responsible for Governing RAES Participation in SPX

June 4, 1998.

On February 20, 1998, the Chicago Board Options Exchange, Incorporated ("CBOE" of the "Exchange") filed with Securities and Exchange Commission ("Commission") the proposed rule change 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> to change the Committee responsible for governing RAES eligibility in options on the Standard & Poor's 500 Index ("SPX") from the appropriate Floor

Procedure Committee to the appropriate Market Performance Committee. CBOE filed an amendment on April 15, 1998, requesting that the filing be handled as a regular way filing under Section 19(b)(2) of the Act.<sup>3</sup> The Commission published notice of the proposed rule change in the **Federal Register** on April 30, 1998.<sup>4</sup> No comment letters were received. This order approves the proposed rule change.

### I. Description of the Proposal

The Exchange proposes to change the Committee responsible for governing RAES eligibility in options on the SPX from the appropriate Floor Procedure Committee to the appropriate Market Performance Committee. Currently, SPX is the only options class in which the issues concerning the eligibility of market-makers to participate in RAES is governed by a Floor Procedure Committee instead of by a Market Performance Committee. Rule 8.16 (in the case of option classes other than OEX<sup>5</sup>, SPX, and DJC<sup>6</sup>) and Rule 24.17 (in the case of OEX and DJX option classes) provide that the appropriate Market Performance Committee will govern the RAES market-maker eligibility issues. This change, therefore, will make the regulation of SPX RAES eligibility consistent with that of the other option classes traded on the Exchange. The governance of eligibility issues for SPX RAES will initially be delegated to the newly formed Index Market Performance Committee.

As with the other options classes, the Index Market Performance Committee will have authority to exempt market-makers the requirement that the market-maker be present in the crowd to log onto or remain on RAES (Rule 24.16(a)(iii), the requirement that the market-maker must log onto RAES at any time during an expiration month when he is present in the crowd and when he has logged on previously during that expiration month (Rule 24.16(d)), certain requirements concerning the participation of joint accounts (Rule 24.16(c)), and certain requirements concerning the participation of member organizations with multiple nominees (Rule 24.16(d)). The Index Market Performance Committee will also take over the

<sup>3</sup> See, letter from Timothy H. Thompson, Director, Regulatory Affairs, Legal Department, CBOE to Victoria Berberi-Doumar, Special Counsel, Division of Market Regulation, SEC, dated April 15, 1998.

<sup>4</sup> Securities Exchange Act Release No. 39911 (April 24, 1998), 63 FR 23820 (April 30, 1998).

<sup>5</sup> OEX stands for options on the Standard & Poor's 100 Index.

<sup>6</sup> DJX stands for options on the Dow Jones Industrial Average.

broader authority of the SPX Floor Procedure Committee to set the maximum number of RAES participants in RAES groups, to disallow the participation of certain RAES groups (Rule 24.16(e)), to require market-makers of the trading crowd to log onto RAES if there is inadequate participation (Rule 24.16(f)), and to take other remedial action as appropriate (Rule 24.16(g)).

### II. Discussion

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, the requirements of Sections 6(b)(5)<sup>7</sup> of the Act in that it is designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade, and to remove impediments to and protect the mechanism of a free and open market.<sup>8</sup>

Specifically, the Commission believes that changing the Committee that oversees the eligibility of market makers to participate in RAES for the trading of SPX will ensure that the regulation of SPX RAES eligibility will be consistent with that of the other options classes traded on the Exchange.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>9</sup> that the proposed rule change SR-CBOE-98-07 is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

[FR Doc. 98-15780 Filed 6-12-98; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40071; File No. SR-DTC-98-10]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees and Charges

June 4, 1998.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act"), notice is hereby given that on

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation, 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

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

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

May 15, 1998, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as 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 from interested persons on the proposed rule change.

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

The proposed rule change adjusts the fees charged by DTC for copies of software used to access its Institutional Delivery ("ID") system. The revised fee schedule is attached as Exhibit 1.

#### **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 such statements.<sup>2</sup>

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

The purpose of the proposed rule change is to revise the fees that DTC charges for providing copies of software

used to access its ID system. The present fees were filed as part of a previous proposed rule change.<sup>3</sup>

DTC continually strives to align service fees with estimated service costs, and the subject revisions are part of that effort. DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>4</sup> and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among users of DTC's ID system.

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

DTC does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act.

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

No comments on the proposed rule change were solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii)<sup>5</sup> of the Act and pursuant to Rule 19b-4(e)(2)<sup>6</sup> promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by DTC. 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. 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 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 DTC. All submissions should refer to File No. SR-DTC-98-10 and should be submitted by July 6, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

#### **EXHIBIT 1.—PARTICIPANT OPERATING PROCEDURES FEES**

Institutional Delivery (ID) System: [other ID system fees are not reprinted here.]

Present fee		Proposed fee	
Dial-in Terminal Service:		Dial-in Terminal Service:	
—Ability to dial in to DTC's ID System via personal computer to receive reports.	\$800.00 per year communications charge.	—Ability to dial in to DTC's ID System via personal computer.	No change.
—Ability to dial in to DTC's ID System via personal computer to access ID services (per location).		—Ability to dial in to DTC's ID System via personal computer using DTC's Tradesuite™ software.	
• Connection charge .....	500.00 per year .....	• Connection charge .....	No change.
• For access to ID services based on number of copies of software obtained.		• For access to ID services based on number of copies of software obtained.	
—one .....	500.00 per year .....	—one .....	No change.
—two .....	800.00 per year .....	—two .....	No change.
—three .....	1,000.00 per year .....	—three .....	No change.
—four .....	1,300.00 per year .....	—four .....	\$1,350.00 per year.

<sup>2</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>3</sup> Securities Exchange Act Release No. 39946 (May 4, 1998), 63 FR 26235.

<sup>4</sup> 15 U.S.C. 78q-1.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>6</sup> 17 CFR 240.19b-4(e)(2).

<sup>7</sup> 17 CFR 200.30-3-(a)(12).

## EXHIBIT 1.—PARTICIPANT OPERATING PROCEDURES FEES—Continued

Institutional Delivery (ID) System: [other ID system fees are not reprinted here.]

Present fee		Proposed fee	
—five .....	1,500.00 per year .....	—five .....	1,600.00 per year.
—more than five .....	1,800.00 per year .....	—more than five .....	1,600.00 per year and an additional \$200 per year for each copy beyond five.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-40074; File No. SR-NASD-98-32]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Filing Requirements for Independently Prepared Research Reports**

June 4, 1998.

**AGENCY:** Securities and Exchange Commission ("SEC").**ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on April 9, 1998, the National Association of Securities Dealers, Inc. ("NASD") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD Regulation, Inc. ("NASD Regulation"). On May 14, 1998, the NASD filed an amendment, which has been incorporated in this filing, to clarify the proposed change and delete its request for accelerated approval.<sup>1</sup> 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**

NASD Regulation is proposing to amend Rule 2210 of the Conduct Rules of the NASD to exclude independently-prepared research reports from the filing requirements of Rule 2210. Below is the

text of the proposed rule change. Proposed new language is in italics.

**AMENDMENTS TO NASD CONDUCT RULE 2210**

Paragraph (c)(6) of Conduct Rule 2210 is amended by adding new paragraph (G), as follows: (6) The following types of material are excluded from the foregoing filing requirements and *(except for research reports under paragraph (G)) the foregoing spot-check procedures:*

\* \* \*

*(G) any research report concerning an investment company registered under the Investment Company Act of 1940, provided that:*

*(i) the report is prepared by an entity (the "research firm") that is independent of the investment company, its affiliates, and the member using the report;*

*(ii) in preparing the report, the services of the research firm have not been procured by the investment company, any of its affiliates or any member using the report;*

*(iii) the research firm prepares and distributes similar types of reports with respect to a substantial number of investment companies;*

*(iv) the report is distributed and updated with reasonable regularity in the normal course of the research firm's business; and*

*(v) the report has not been materially altered by the member using the report.*

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

In its filing with the Commission, NASD Regulation 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. NASD Regulation 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) Purpose**

NASD Conduct Rule 2210 requires that any "advertisement" or "sales literature" (as defined by the rule) concerning a registered investment company be filed with the Advertising/Investment Companies Regulation Department ("Department") and meet the content standards of that rule, as well as all applicable Commission rules. The rule defines "sales literature" to include a research report. Consequently, Rule 2210 requires that NASD members file all investment company research reports, including any research report that has been prepared by an entity that is independent of the investment company and its affiliates and of any NASD member, and whose services are not produced by the investment company or any of its affiliates or any NASD member to prepare the report ("independent research firms").

As the investment company industry has grown in recent years, so too has the coverage of this industry by independent research firms. Many of these firms publish reports that analyze a wide variety of investment companies and provide information, such as each investment company's historical performance, the investment company's fees and expenses, and a description and narrative analysis of the investment company's investment strategies and portfolio management style.

NASD members use these independently-prepared research reports in a number of ways. Some members may make the entire research service available to customers at a branch office. Members may also distribute an independently-prepared research report concerning a particular investment company as part of the selling process.

The proposed rule change would clarify the meaning, administration and enforcement of Rule 2210 insofar as it may appear to apply to certain types of independently-prepared research

<sup>1</sup> Letter from John Ramsey, Vice President, Deputy General Counsel, NASD Regulation, Inc., to Katherine A. England, Assistant Director, Division of Market Regulation, SEC, dated May 13, 1998.