

**OFFICE OF PERSONNEL
MANAGEMENT****Proposed Collection; Comment
Request for Review of an Information
Collection: Court Orders Affecting
Retirement Benefits**

AGENCY: Office of Personnel
Management.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) has submitted to the Office of Management and Budget a request for review of an information collection. Court Orders Affecting Retirement Benefits, requires former spouses of Federal employees to provide specific information needed for OPM to make court-ordered benefit payments. This information is needed to identify affected employees and to certify that the court-order remains in effect.

Approximately 19,000 former spouses apply for benefits based on court orders annually. We estimate it takes approximately 30 minutes to apply. The annual burden is 9,500 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, or E-mail to mbtoomey@opm.gov.

DATES: Comments on this proposal should be received on or before August 21, 1998.

ADDRESSES: Send or deliver comments to—

Mary Ellen Wilson, Acting Chief,
Retirement Policy Division,
Retirement and Insurance Service,
U.S. Office of Personnel Management,
1900 E Street, NW, Room 4351,
Washington, DC 20415

and

Joseph Lackey, OPM Desk Officer,
Office of Information and Regulatory
Affairs, Office of Management and
Budget, New Executive Office
Building, NW, Room 10235,
Washington, DC 20503.

FOR INFORMATION REGARDING

ADMINISTRATIVE COORDINATION—CONTACT:
Donna G. Lease, Budget &
Administrative Services Division, (202)
606-0623, U.S. Office of Personnel
Management.

Janice R. Lachance,
Director.

[FR Doc. 98-19496 Filed 7-21-98; 8:45 am]

BILLING CODE 6325-01-P

POSTAL SERVICE**Information Based Indicia Program
(IBIP)**

AGENCY: Postal Service.

ACTION: Announcement of public
meeting on IBIP.

SUMMARY: The Postal Service will be hosting an IBIP Public Meeting. The purpose of the IBIP Public meeting is to provide an update of latest program activities. It will be held on Thursday, September 3, 1998, at the Renaissance Washington, D.C. Hotel, 999 9th Street, NW, Washington, D.C. 20001-4427.

DATES: To register attendance at the September 3rd meeting, call Dana Brown at (202) 268-6794. Reservations may be made until August 14, 1998; however, we encourage you to call earlier as there is limited seating available.

Stanley F. Mires,
Chief Counsel, Legislative.

[FR Doc. 98-19471 Filed 7-21-98; 8:45 am]

BILLING CODE 7710-12-U

RAILROAD RETIREMENT BOARD**Sunshine Act Meeting**

Notice is hereby given that the Railroad Retirement Board will hold a meeting on July 29, 1998, 9:00 a.m., at the Board's meeting room on the 8th floor of its headquarters building, 844 North Rush Street, Chicago, Illinois, 60611. The agenda for this meeting follows:

Portion open to the public:

(1) Proposed responses to letters to the President proposing an amendment to the Railroad Retirement Act to permit employees to retire with an unreduced annuity under the RRA at age 55 after 30 years of service, whichever comes first.

(2) Employee Suggestion 1448

(Addition of agency's website address to letterhead stationary).

(3) Coverage Determinations:

A. Railroad Ventures, Inc.

B. Decision on Reconsideration—Huron Transportation Group, Huron Development and Construction, RailAmerica Services Corporation.

(4) Revised Form HA-1. Appeal under the Railroad Retirement Act or Railroad Unemployment Insurance Act.

(5) Year 2000 Issues.

Portion closed to the public:

(A) Request to Establish a Permanent Lead Specialist in the Staffing Section of the Bureau of Personnel.

(B) Request to Establish a GS-13 Auditor Position and Abolish a GS-12/

11/09/07 Auditor Position in the Audit and Compliance Section.

The person to contact for more information is Beatrice Ezerski, Secretary to the Board, Phone No. 312-751-4920.

Dated: July 17, 1998.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 98-19617 Filed 7-20-98; 11:11 am]

BILLING CODE 7905-01-M

**SECURITIES AND EXCHANGE
COMMISSION**

[Release No. IC-23316; 812-11002]

**Allmerica Investment Trust, et al;
Notice of Application**

July 15, 1998.

AGENCY: Securities and Exchange
Commission ("SEC").

ACTION: Notice of application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, and from certain disclosure requirements under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit them to enter into and amend subadvisory agreements without receiving shareholder approval, and grant relief from certain disclosure requirements regarding advisory fees paid to the subadvisers.

APPLICANTS: Allmerica Investment Trust ("Trust") and Allmerica Financial Investment Management Services, Inc. ("Adviser").¹

FILING DATE: The application was filed on February 10, 1998 and amended on July 2, 1998.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 10, 1998, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service.

¹ Applicants request relief with respect to future series of the Trust, and any other registered open-end management investment company advised by the Adviser or any entity controlling, controlled by, or under common control with the Adviser. All existing investment companies that currently intend to rely on the order have been named as applicants, and any other existing or future investment companies that subsequently rely on the order will comply with the terms and conditions of the application.

Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested.

Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 440 Lincoln Street, Worcester, Massachusetts 01653.

FOR FURTHER INFORMATION CONTACT: Edward P. Macdonald, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

Applicants' Representations

1. The Trust is a Massachusetts business trust registered under the Act as an open-end management investment company. The Trust is composed of 14 series ("Funds"), each of which has its own investment objectives and policies. Shares of each Fund may be purchased only by the separate accounts established by First Allmerica Financial Life Insurance Company or Allmerica Financial Life Insurance and Annuity Company for the purpose of funding variable annuity contracts and life insurance policies.

2. The Adviser is registered under the Investment Advisers Act of 1940 ("Advisers Act") and serves as the investment adviser to the Trust and the Funds under an investment advisory agreement ("Advisory Agreement"). The adviser is responsible for the management of the Trust's day-to-day business affairs, has general responsibility for the management of the investments of the Funds, and performs administrative and management services for the Trust. In return for providing these services, the Adviser receives a fee from each Fund, computed as a percentage of net assets.

3. Specific portfolio management for each Fund is performed by investment advisers registered under the Advisers Act that serve as investment subadvisers to the Funds ("Subadvisers"). Currently each Fund has a single Subadviser although the Adviser is authorized to select multiple Subadvisers for each Fund. All Subadvisers must be approved by the Trust's board of trustees ("Board"), including a majority of the trustees who are not "interested persons" (as defined in section 2(a)(19) of the Act) of the Trust ("Independent

Trustees"), the Adviser or the Subadvisers, and by shareholders. The Adviser pays each Subadviser out of the fee the Funds pay to the Adviser.

4. In evaluating prospective Subadvisers, the Adviser considers, among other factors, each Subadviser's management experience, investment techniques and staffing. The Adviser recommends to the Board whether investment advisory agreements with Subadvisers ("Subadvisers Agreements") should be renewed, modified or terminated.

5. Applicants request an order to permit them to enter into and materially amend Subadvisory Agreements without receiving shareholder approval. The requested relief will not extend to a Subadviser that is an "affiliated person" of either the Trust or the Adviser, as defined in section 2(a)(3) of the Act, other than by reason of serving as a Subadviser to one or more of the funds ("Affiliated Subadviser"). Applicants also request an exemption to permit the Funds to disclose (both as a dollar value and as a percentage of a Fund's net assets): (1) aggregate fees paid to the Adviser; and (2) aggregate fees paid to Subadvisers other than Affiliated Subadvisers ("Limited Fee Disclosure"). For any fund that employs an Affiliated Subadviser, the Fund will provide separate disclosure of any fees paid to the Affiliated Subadviser.

Applicants' Legal Analysis

Shareholder Voting

1. Section 15(a) of the Act makes it unlawful for any person to act as an investment adviser to a registered investment company except under a written contract which has been approved by the vote of a majority of the outstanding voting securities. Rule 18f-2 provides that each series or class of stock in a series company affected by a matter must approve the matter if the Act requires shareholder approval.

2. Section 6(c) authorizes the SEC to exempt persons or transactions from the provisions of the Act to the extent that such exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants request relief under section 6(c) from sections 15(a) of the act and rule 18f-2 under the Act to permit them to enter into and materially amend Subadvisers Agreements without shareholder approval.

3. Applicants state that investors in a Fund are, in effect, electing to have the Adviser select one or more Subadvisers best suited to achieve that Fund's

investment objectives. Part of the investors' investment decision is a decision to have such selections made by a professional management organization, such as the Adviser, with substantial experience in making such evaluations and selections (or in recommending the termination of Subadvisers, as deemed appropriate by the Adviser). Thus, the role of the Subadvisers from the perspective of the investors, is comparable to that of the individual portfolio managers employed by other investment company investment advisory firms. Applicants thus assert that the requested relief would allow the Adviser to more efficiently perform its principal functions of selecting, monitoring, and making changes in the role of the Subadvisers.

4. Applicants also state that because investors are relying on the Adviser for investment results and overall management services, it is the agreement with the Adviser over which a Fund's shareholders should exercise control. If the relief requested is granted, the Advisory Agreement between the Trust and the Adviser will continue to be fully subject to section 15 of the Act and rule 18f-2.

Fee Disclosure

5. Form N-1A is the registration statement used by open-end investment companies. Items 2, 5(b)(iii), and 16(a)(iii) of Form N-1A (and after the effective date of the amendments to Form N-1A, items 3, 6(a)(1)(iii), and 15(a)(3)), require disclosure of the method and amount of the investment advisers, compensation.

6. Form N-14 is the registration form for business combinations involving open-end investment companies. Item 3 of Form N-14 requires the inclusion of a "table showing the current fees for the registrant and the company being acquired and pro forma fees, if different, for the registrant after giving effect to the transaction."

7. Rule 20a-1 under the Act requires proxies solicited with respect to an investment company to comply with Schedule 14A under the Securities Exchange Act of 1934 ("Exchange Act"). Item 22(a)(3)(iv) of Schedule 14A requires a proxy statement for a shareholder meeting at which a new fee will be established or an existing fee will be increased to include a table of the current and pro forma fees. Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8), and 22(c)(9), taken together, require a proxy statement for a shareholder meeting at which the advisory contract will be voted upon to include the "rate of compensation of the investment

adviser," the "aggregate amount of the investment adviser's fees," a description of "the terms of the contract to be acted upon," and, if a change in the advisory fee is proposed, the existing and proposed fees and the difference between the two fees.

8. Form N-SAR is the semi-annual report filed with the SEC by registered investment companies. Item 48 of Form N-SAR requires investment companies to disclose the rate schedule for fees paid to their investment advisers, including the Subadvisers.

9. Regulation S-X sets forth the requirements for financial statements required to be included as part of investment company registration statements and shareholder reports filed with the SEC. Sections 6-07(2)(a), (b), and (c) of Regulation S-X require that investment companies include in their financial statements information about investment advisory fees.

10. Applicants request relief under section 6(c) from the above disclosure requirements to provide Limited Fee Disclosure. Applicants argue that, with the information provided in the Limited Fee Disclosure, investors will have adequate information to compare the advisory fees of the Funds with those of other funds. Applicants believe that, while the amount of the total fees retained by the Adviser is relevant to the investors' determination of the value of the Adviser's services, the specific portion of the total fee paid to an individual Subadviser provides no useful information since the investors have engaged the Adviser to select, monitor, and compensate the Subadvisers. Applicants also believe that because some investment advisers price their services based on "posted" fee rates, the Adviser, without the requested relief, may only be able to obtain a specific Subadviser's services by paying higher fee rates than it would otherwise be able to negotiate if the rates paid were not disclosed publicly.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Before a Fund may rely on the requested order, the operation of the Fund as described in the application will be approved by a majority of the outstanding voting securities, as defined in the Act, of the Fund, (or, in the case of the Trust, pursuant to voting instructions provided by contract owners with assets allocated to any separate account for which a Fund serves as a funding medium), or, in the case of a new Fund whose public shareholders purchased shares on the

basis of a prospectus containing the disclosure contemplated by condition 2, below, by the sole initial shareholder(s) before offering shares of such Fund to the public.

2. Any Fund relying on the requested relief will disclose in its prospectuses the existence, substance, and effect of any order granted pursuant to the application. In addition, each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility to oversee Subadvisers and to recommend their hiring, termination, and replacement.

3. The Adviser will provide general management services to the Trust and its Funds and subject to the review and approval of the Board, will: set the overall investment strategies of the Funds; recommend Subadvisers; when appropriate, allocate and reallocate the assets of a Fund among Subadvisers; monitor and evaluate the investment performance of the Subadvisers; and ensure that the Subadvisers comply with the investment objectives, policies, and restrictions of the respective Funds.

4. A majority of the Board will continue to be Independent Trustees, and the nomination of new or additional Independent Trustees will continue to be placed within the discretion of the then existing Independent Trustees.

5. The Adviser will not enter into a Subadvisory Agreement for a Fund with any Affiliated Subadviser without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund (or in the case of the Trust, pursuant to voting instructions provided by contract owners with assets allocated to any separate account for which the Fund serves as a funding medium).

6. When a change of Subadviser is proposed for a Fund with an Affiliated Subadviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the minutes of meetings of the Board, that the change of Subadviser is in the best interests of the Fund and its shareholders (or in the case of the Trust, of the contract owners with assets allocated to any separate account for which the Fund serves as a funding medium), and does not involve a conflict of interest from which the Adviser or the Affiliated subadviser derives an inappropriate advantage.

7. No director, Trustee or officer of the Trust or the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such director, Trustee,

or officer) any interest in a Subadviser except for ownership of interests in the Adviser or any entity that controls, is controlled by, or under common control with the Adviser or ownership of less than 1% of the outstanding securities of any class of equity or debt securities of any publicly-traded company that is either a Subadviser or an entity that controls, is controlled by, or is under common control with a Subadviser.

8. Within ninety (90) days of the hiring of any new Subadviser the affected Fund will furnish its shareholders with all information about the new Subadviser or Subadvisory Agreement that would be included in a proxy statement, except as modified by the order to permit Limited Fee Disclosure. Such information will include Limited Fee Disclosure and any change in such disclosure caused by the addition of a new Subadviser or any proposed material change in the Subadvisory Agreement of a Fund. The Fund will meet this condition by providing shareholders, within 90 days of the hiring of a Subadviser with an information statement meeting the requirements of Regulation 14C and Schedule 14C under the Exchange Act. The information statement also will meet the requirements of Items 22 of Schedule 14A under the Exchange Act, except as modified by the order to permit Limited Fee Disclosure. The Trust will ensure that the information statement is furnished to contract owners with assets allocated to any separate account for which the Trust serves as a funding medium.

9. The Trust will disclose in its registration statement the Limited Fee Disclosure.

10. Independent counsel knowledgeable about the Act and the duties of Independent Trustees will be engaged to represent the Independent Trustees. The selection of such counsel will be placed within the discretion of the Independent Trustees.

11. The Adviser will provide the Board, no less frequently than quarterly, information about the Adviser's profitability. An annual report also will be provided to Trustees which shall contain information about the Adviser's profitability calculated on a per-Fund basis. Such information will reflect the impact on profitability of the hiring or termination of any Subadvisers during the applicable quarter.

12. Whenever a Subadviser is hired or terminated, or a Subadvisory Agreement is materially amended (including any change in the fee paid to the Subadviser), the Adviser will provide the Board information showing the expected impact on the Adviser's

profitability. In addition to any other information the Board may request, the Adviser will provide information concerning the Adviser's profitability for the preceding quarter with respect to the relevant Fund.

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

Joanathan G. Katz,
Secretary.

[FR Doc. 98-19497 Filed 7-21-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40204; File No. 4-208]

RIN 3235-AH51

Proposed Rulemaking Pursuant to Section 11A of the Securities Exchange Act of 1934 to Amend the Intermarket Trading System ("ITS") Plan To Link the PCX Application of the OptiMark System to the ITS System

AGENCY: Securities and Exchange Commission.

ACTION: Proposed amendments to national market system plan.

SUMMARY: The Securities and Exchange Commission ("Commission") is proposing alternative amendments to the plan governing the operation of the Intermarket Trading System ("ITS Plan" or "Plan") that was approved pursuant to Rule 11Aa3-2 under the Securities Exchange Act of 1934, as amended ("Exchange Act" or "Act"). The proposed amendments provide for the linkage of the Pacific Exchange, Inc. ("PCX") Application of the OptiMark System to the ITS System.

DATES: Comments should be submitted by August 21, 1998.

ADDRESSES: All comments should be submitted in triplicate and addressed to Jonathan G. Katz, Secretary, Securities and Exchange Commission, Mail Stop 6-9, 450 Fifth Street, NW., Washington, DC 20549. Comments also may be submitted electronically at the following E-mail address: rule-comments@sec.gov. All comments should refer to File No. 4-208; this file number should be included in the subject line if E-mail is used. Comment letters will be available for public inspection and copying at the Commission's Public Reference Room at the same address. Electronically submitted comment letters will be posted on the Commission's web site (<http://www.sec.gov>).

FOR FURTHER INFORMATION CONTACT: Katherine A. England, Assistant Director, at (202) 942-0154; Elizabeth

Prout Lefler, Special Counsel, at (202) 942-0170; Heather A. Seidel, Attorney, at (202) 942-4165; or Christine Richardson, Attorney, at (202) 942-0748, Office of Market Supervision, Division of Market Regulation, Securities and Exchange Commission, Mail Stop 10-1, 450 Fifth Street, NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The Commission is proposing, on its own initiative pursuant to Rule 11Aa3-2 under the Exchange Act,¹ alternative amendments to the ITS Plan² to link the PCX Application of the OptiMark System ("PCX Application") to the ITS System. Facilitation of this linkage is intended to further the statutory goals of efficient execution of securities transactions, opportunities for best execution of customer orders, as well opportunities for investors' order to be executed without the participation of a dealer. The Commission is proposing these alternative amendments only after the ITS Operating Committee ("ITSOC") was unsuccessful in reaching agreement on Plan amendments to implement the linkage with the PCX Application.³ The

¹ Rule 11Aa3-2 (17 CFR 240.11Aa3-2) establishes procedures for initiating or approving amendments to national market system plans such as the ITS Plan. Paragraph (b)(2) of Rule 11Aa3-2 states that the Commission may propose amendments to an effective national market system plan by publishing the text thereof together with a statement of purpose of the amendments. Paragraph (c)(2) requires the Commission to publish notice of any amendments initiated by the Commission and provide interested parties an opportunity to submit written comments. Further, Paragraph (c)(2) of Rule 11Aa3-2 requires that promulgation of an amendment to an effective national market system plan initiated by the Commission be by rule.

² ITS is a communications and order routing network linking eight national securities exchanges and electronic over-the-counter ("OTC") market operated by the National Association of Securities Dealers, Inc. ("NASD"). ITS was designed to facilitate intermarket trading in exchange-listed equity securities based on current quotation information emanating from the linked markets. The ITS Plan governs the use of ITS. Signatories to the ITS Plan are the American Stock Exchange, Inc. ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), the Chicago Board Options Exchange, Inc. ("CBOE"), the Chicago Stock Exchange, Inc. ("CHX"), the Cincinnati Stock Exchange, Inc. ("CSE"), the NASD, the New York Stock Exchange, Inc. ("NYSE"), the Pacific Exchange, Inc. ("PCX"), and the Philadelphia Stock Exchange, Inc. ("Phlx") (collectively, "Participants").

³ Section 4(c) of the ITS Plan requires a unanimous vote of approval in order to amend the Plan. The full ITSOC met on June 3, 1998, to vote on amendments proposed by the PCX that are substantially similar to one alternative being proposed today by the Commission. The PCX proposed a "Description Amendment" and a "Formula Amendment." The NYSE provided alternative proposed language but did not formally propose the language amendments or seek a vote on its language. The ITSOC members were divided on the PCX's amendments. The amendments were not approved.

Commission is publishing this proposal for comment from interested persons.

I. Background

A. The ITS System

Section 11A(a)(2) of the Exchange Act, adopted by the Securities Acts Amendments of 1975 ("1975 Amendments"),⁴ directs the Commission, having due regard for the public interest, the protection of investors and the maintenance of fair and orderly markets, to use its authority under the Act to facilitate the establishment of a national market system ("NMS") for securities in accordance with the Congressional findings and objects set forth in Section 11A(a)(1) of the Act. Among these findings and objectives is the "linking of all markets for qualified securities through communication and data processing facilities."⁵

On January 26, 1978, the Commission issued a statement on the national market system calling for, among other things, the prompt development of comprehensive market linkage and order routing systems to permit the efficient transmission of orders among the various markets for qualified securities, whether on an exchange or over-the-counter.⁶ In particular, the Commission stated that an intermarket order routing system was necessary to "permit orders for the purchase and sale of multiply-traded securities to be sent directly from any qualified market to another such market promptly and efficiently."⁷ The Commission further stated that "[t]he need to develop and implement a new intermarket order routing system to link all qualified markets could be obviated if participation in the ITS market linkage currently under development were made available on a reasonable basis to all qualified markets and if all qualified markets joined that linkage."⁸

As requested by the Commission, in March 1978, various exchanges⁹ filed jointly with the Commission a "Plan for

⁴ Pub. L. No. 94-29 (June 4, 1975).

⁵ Section 11A(a)(1)(D) of the Act, 15 U.S.C. 78k-1(a)(1)(D).

⁶ Exchange Act Release No. 14416 (January 26, 1978) ("1978 Statement"), at 26, 43 FR 4354, 4358. Previously, on June 23, 1977, the Commission had indicated that a national market system would include those "regulatory and technological steps [necessary] to achieve a nationwide interactive market system." See Exchange Act Release No. 13662 (June 23, 1977), at 20, 42 FR 33510, 33512.

⁷ 1978 Statement, *supra*, note 6, at 4358.

⁸ In this connection, the Commission specifically indicated that "qualified markets" would include not only exchanges but OTC market makers as well. *Id.*

⁹ The exchanges involved were Amex, BSE, NYSE, PSE (now the PCX), and Phlx.