

(a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned;

(b) The proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the Act; and

(c) The proposed transaction is consistent with the general purposes of the Act.

16. Applicants submit that the terms of the proposed substitutions, as described in this Application, including the consideration to be paid and received, are fair and reasonable and do not involve overreaching on the part of any person concerned. Applicants also submit that the proposed substitutions are consistent with the policies of each of the Accounts and with the general purposes of the Act. The Commission has previously granted exemptions from Section 17(a) to permit the combination or consolidation of separate accounts registered as unit investment trusts. The Commission also has granted numerous exemptions from Section 17(a) to permit the consolidation of subaccounts of a separate account registered as a unit investment trust in connection with a substitution.

17. Rule 17a-8 under the Act provides an exemption from Section 17(a) of the Act for mergers of affiliated mutual funds (or acquisitions of one fund by an affiliated fund) as long as the directors of the funds determine that the merger (or acquisition) is in the best interests of the fund and that the interests of each fund's shareholders will not be diluted. In proposing Rule 17a-8, the Commission offered several factors for directors to consider in reaching this determination. Although the Accounts (and relevant subaccounts) do not have directors and the proposed substitutions do not come within the parameters of Rule 17a-8, Applicants submit that the Commission may look to these factors as a standard for judging the reasonableness and fairness of the proposed substitutions and related consolidations.

(a) Immediately after the proposed substitutions, the Managed Account and each affected subaccount of the other Accounts would invest exclusively in shares of the same Portfolio as does the subaccount with which it would be consolidated. Therefore, to the extent that the investment objectives of these Portfolios can be attributed to the Managed Account or a subaccount, each surviving subaccount will, by

definition, have the same "investment objectives, policies, restrictions and portfolios" after the proposed substitutions and related consolidations as it and its consolidation partner had before the transactions.

(b) The proposed substitutions and related consolidations will be effected by "combining" the Managed Account and certain subaccounts with other subaccounts and transferring shares of Portfolios held by the Managed Account or a subaccount to a surviving subaccount. The transfer will be carried out in conformity with Section 22(c) of the Act and Rule 22c-1 thereunder in that the aggregate net asset value of the transferred shares will not change and each Contract owner holding units of interest in the Managed Account or a subaccount will have those units exchanged for units of equal value in the surviving subaccount. The "prices" or values of the exchanged interests under the Contracts will thus be equivalent. In addition, the proposed substitutions and related consolidations will impose no tax liability upon Contract owners or alter the tax status of the Contracts. The proposed substitutions and related consolidations will not in any way dilute the interests of Contract owners.

(c) PMLIC or PLACA will bear all of the costs and expenses of the proposed substitutions and related consolidations. None of the Accounts, affected subaccounts or Contract owners will incur any costs or expenses and will not pay any fees or charges as a result of the proposed substitutions and related consolidations. Therefore, no direct or indirect costs to Contract owners or dilution of Contract owner interests will occur.

18. The proposed substitutions and related consolidations will benefit Contract owners by consolidating an unneeded Account and several duplicative subaccounts of other Accounts. The consolidations are motivated by efficiencies of administration that will result from the elimination of the Managed Account and two subaccounts of each of the other Accounts, the continued existence of which serves no useful purpose. PMLIC and PLACA expect and intend that Contract owners will benefit from the consolidation to the extent that it streamlines record keeping and other administrative operations.

19. As explained above, each surviving subaccount will have the same investment policy as its consolidation partner as recited in the registration statements and reports for both filed under the Act.

20. The proposed substitutions and related consolidations are consistent with the general purposes of the Act, as enunciated in the Findings and Declaration of Policy of the Act, particularly, Section 1(b)(2). The proposed substitutions and related consolidations do not present any of the abuses that the Act was designed to prevent or raise issues it was designed to address. Applicants will carry out the proposed substitutions and related consolidations in a manner appropriate in the public interest and consistent with the protection of investors.

21. Applicants submit that, for all of the reasons summarized above, the terms of the proposed substitutions and related consolidations, including the consideration to be paid or received, are reasonable and fair to each Account (and subaccounts) and to Contract owners invested in each and do not involve overreaching on the part of any person; furthermore, the proposed substitutions and related consolidations are consistent with the policy of each Account (and subaccount) and the general purposes of the Act.

Conclusion

For the reasons summarized above, Applicants assert that the requested order meets the standards set forth in 26(b) and 17(b), respectively, and should, therefore, be granted.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 98-30246 Filed 11-10-98; 8:45 am]
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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40631; File No. SR-NYSE-98-33]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Amendments to NYSE Rule 64

November 3, 1998.

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 October 16, 1998, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Items I, II and III below, which Items have been prepared by the Exchange. 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

The proposed rule change consists of amendments to NYSE Rule 64. The text of the proposed rule change is available at the Office of the Secretary, the NYSE, and at the Commission.

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 NYSE 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 and is set forth in Sections A, B, and C below.

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

1. Purpose

Currently, NYSE Rule 64 requires Floor Official approval for all "non-regular way"³ trades during all but the final calendar week of the year. The Rule provides that during the last calendar week of the year such approval is required only for sales more than 4/16 point away from the regular way bid or offer. The Exchange is proposing that the rule be amended so that the current provision applicable for the last week of trading in the year applies at all times. Therefore, Floor Official approval would be required only for those "non-regular way" trades that are more than 4/16 point away from the regular way bid or offer.

Exchange staff has analyzed price changes from the current bid or offer for "non-regular way" trades during June 1998. Their analysis showed that 97% of such trades were 4/16 point or less away from the regular way bid or offer. This result indicates that a large proportion of "non-regular way" trades occur at a small variation from the current regular way market.

The Exchange believes that the proposed rule change would relieve members of the burden of obtaining

Floor Official approval for routine "non-regular way" trades at small price variations, while preserving Floor Official supervision for those instances where it is most needed. The Rule would retain the requirement for Floor Officials to "take into consideration whether the price of the transaction is reasonable in relation to the 'regular way' market" when deciding whether to grant approval for a "non-regular way" trade.

The Exchange believes that this proposal would allow Floor Officials to focus their attention on supervising those situations where oversight is most important.

2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(5)⁴ that an Exchange have rules that are designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will 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 neither solicited nor received written comments on the proposed rule change.

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:

(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 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 N.W., Washington, D.C. 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 Room. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to File No. SR-NYSE-98-33 and should be submitted by December 3, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

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STATE JUSTICE INSTITUTE

Sunshine Act Meeting

DATE AND TIME:

Friday, November 20, 1998 9:00 a.m.-5:00 p.m.

Saturday, November 21, 1998 9:00 a.m.-12:00 p.m.

PLACE: Hilton, Palm Springs Resort, 400 E. Tahquitz Canyon Way, Palm Springs, CA 92262.

MATTERS TO BE CONSIDERED: FY 1999 grant requests, internal Institute business matters.

PORTIONS OPEN TO THE PUBLIC: All matters other than those noted as closed below.

PORTIONS CLOSED TO THE PUBLIC: Internal personnel matters and Board of Directors' committee meetings.

CONTACT PERSON FOR MORE INFORMATION: David I. Tevelin, Executive Director, State Justice Institute, 1650 King Street, Suite 600, Alexandria, VA 22314, (703) 684-6100.

David I. Tevelin,

Executive Director.

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³ A "non-regular way" trade is a trade that is settled in a different time frame from "regular-way" trades, which settle on the third business day following the transaction. See NYSE Rule 64(a)(3).

⁴ 15 U.S.C. 78f(b)(5).

⁵ 17 CFR 200.30-3(a)(12).