which affected contractholders may be entitled under their Variable Contract; and (iii) state that AVLIC will not exercise any rights reserved by it under the Variable Contracts to impose additional restrictions on transfers until at least 30 days after the Effective Date. The Confirmation Notice will be accompanied by a then current prospectus relating to the relevant Variable Contract, amended to reflect the inclusion of the Ameritas Portfolios, as well as a definitive prospectus relating to the Ameritas Portfolios.

d. AVLIC shall have satisfied itself that (i) the Variable Contracts allow the substitution of investments in the manner contemplated by the substitutions and related transaction described in the application; (ii) the transactions can be consummated as described in the application under applicable insurance laws; and (iii) that any regulatory requirements in each jurisdiction where the Variable Contracts are qualified for sale, have been complied with to the extent necessary to complete the transactions.

Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides that it shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission approves such substitution. Section 26(b) further provides that the Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

2. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the substitutions and related transactions. Applicants assert that the purposes, terms, and conditions of the substitutions are consistent with the protection of investors and the purposes fairly intended by the 1940 Act. Applicants further assert that the substitutions will not result in the type of forced redemption that Section 26(b) was designed to guard against.

3. Applicants maintain that the substitutions do not represent the type of transaction that Section 26(b) was designed to prevent for the following reasons: (a) the substitutions are designed to give AVLIC more control over investment products; (b) the substitutions are part of a series of business initiatives which have the potential to reduce expenses; (c) the substitutions will provide benefits to contractholders due to the additional services provided by AIC; and (d) the procedures that Applicants will follow in the substitutions will give affected contractholders ample notice of the substitutions and any potential impact. In addition, Applicants state that affected contractholders can transfer from the Replaced Funds or the Ameritas Portfolios (after the substitution) without a transfer charge. Applicants also note that only 9 of 26 investment options are involved in the substitutions, and this, in combination with the transfer rights, gives affected contractholders an ability to ''opt out'' and have an effective choice of investments. Applicants state that these alternatives provide a range of investments sufficient to meet affected contractholders' investment goals.

4. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or any affiliate of such affiliated person, from selling any security or other property to such registered investment company. Section 17(a)(2) of the 1940 Act prohibits any affiliated person from purchasing any security or other property from such registered investment company.

5. Applicants request an order pursuant to Section 17(b) of the 1940 Act exempting the in-kind redemptions and purchases from the provisions of Section 17(a). Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting a proposed transaction from Section 17(a) if evidence establishes that: (1) The terms of the proposed transaction, including the consideration to be paid or received, are fair and reasonable and do not involve overreaching on the part of any person concerned; (2) the proposed transaction is consistent with the policy of each registered investment company concerned; and (3) the proposed transaction is consistent with the general purposes of the 1940 Act.

6. Applicants represent that, if effected in accordance with the procedures described in the application and summarized herein, the substitutions are consistent with the general purposes of the 1940 Act and do not present any of the conditions or abuses that the 1940 Act was designed to prevent. Applicants state that the consideration to be paid by each Ameritas Portfolio, and received by each of the Replaced Funds, will be fair and reasonable and will not involve overreaching because the substitutions will not result in the dilution of the interests of any affected contractholders and will not effect any change in economic interest, contract value or the dollar value of any Variable Contract held by an affected contractholder. The in-kind redemptions and purchases will be done at values consistent with the policies of both the Replaced Funds and the Ameritas Portfolios and will satisfy the procedural safeguards of Rule 17a–7. Both AIC and the Subadviser of the relevant Ameritas Portfolio will review all the asset transfers to assure that the assets meet the objectives of the relevant Ameritas Portfolio and that they are valued under the appropriate valuation procedures of the Replaced Fund and such Ameritas Portfolio. The in-kind redemption proceeds will consist of the same securities that are currently held by the Replaced Funds. In addition, in seven of the nine substitutions, the organization responsible for providing portfolio management services to the Ameritas Portfolio and the Replaced Portfolio will be the same, and the Ameritas Portfolio involved in substitutions 8 and 9 generally invest in a narrow range of securities and must adhere to strict limits in their investment practices. Applicants represent that the transactions are consistent with the policies of each investment company involved and the general purposes of the 1940 Act, and comply with the requirements of Section 17(b).

7. Applicants state that the facts and circumstances in the application are sufficient to assure that the substitutions will be carried out in a manner that is consistent with Section 17(b) and 26(b) of the 1940 Act and that the terms and conditions to which the relief Applicants request hereby will be subject are consistent with orders the Commission has issued in the past under similar circumstances.

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the substitutions and related transactions involving in-kind transactions should be granted.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 99–26523 Filed 10–8–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Agency 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 Commission will hold the following meetings during the week of October 11, 1999.

An open meeting will be held on Wednesday, October 13, 1999, at 10 a.m. A closed meeting will be held on Wednesday, October 13, 1999, following the 10 a.m. open meeting.

Commissioners, Counsel to the Commissioners, the Secretary to 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)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the open meeting scheduled for Wednesday, October 13, 1999, at 10:00 a.m. will be:

The Commission will consider whether to propose new rules and rule amendments that are designed to enhance the independence and effectiveness of independent directors and to better enable investors to assess the independence of directors. The Commission also will consider whether to issue a companion release that would provide the views of its staff on a number of interpretive issues related to fund directors, and the views of the Commission on its role in disputes between independent directors and fund management. These initiatives follow on discussions at a Roundtable on fund independent directors hosted by the Commission earlier this year. For further information regarding the proposed substantive rule amendments, contact Jennifer B. McHugh at (202) 942–0690; regarding the proposed disclosure rule amendments, contact Heather A. Seidel at (202) 942–0721; or regarding the interpretive release, contact Brendan C. Fox at (202) 942–0660.

The subject matter of the closed meeting scheduled for Wednesday, October 13, 1999, following the 10:00 a.m. open meeting, will be:

Institution and settlement of injunctive actions

Institution and settlement of administrative proceedings of an enforcement nature

Formal order of investigation.

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: October 6, 1999.

Jonathan G. Katz,

Secretary.

[FR Doc. 99–26644 Filed 10–7–99; 11:32 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41922; File No. SR–CHX–99–11]

Self-Regulatory Organizations; Notice of Filing and Order Granting Partial Accelerated Approval of Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Specialist Retention Periods for Securities Traded on the Exchange

September 27, 1999.

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 August 19, 1999, the Chicago Stock Exchange, Incorporated (''CHX'' or ''Exchange'') 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 by the CHX. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons, and to approve that portion of the proposal related to securities listed on the exchange on an accelerated basis.

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

The Exchange proposes to make permanent a pilot program[3] relating to the time periods for which a co-specialist must trade a security listed on the Exchange prior to deregistering as the specialist for that security as set forth in Article XXX, Rule 1, Interpretation and Policy .01. The Exchange also proposes to adopt separate co-specialist retention periods relating to the time periods for which a co-specialist must trade a Nasdaq National Market (''NM'') security, which are traded on the Exchange pursuant to unlisted trading privileges, prior to deregistering as the specialist for that security. The text of the proposed rule change is available at the CHX and the Commission.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The pilot program expired on September 8, 1999.

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 CHX 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 VI below. The CHX 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

(a) Listed Securities: Interpretation and Policy .01 to Article XXX, *Specialists,* Rule 1, *Registration and Appointments,* of the Exchange's rules set forth the procedures for allocating and reallocating securities among specialist units and co-specialists. The Exchange's Committee on Specialist Assignments and Evaluation (''CSAE'') is responsible for appointing specialists and co-specialists[4] and conducting deregistration proceedings in accordance with Article XXX of the Exchange's rules. Several circumstances may lead to the need for assignment or reassignment of a security.[5] One of these circumstances is by specialist request. Subsection 2 of Interpretation and Policy .01 addresses the assignment and reassignment process when a specialist requests deregistration in one or more of its assigned securities. The Exchange amended Subsection 2 on a pilot basis in 1997 to specifically address the deregistration of co-specialists in securities.[6] Under the pilot program, a co-specialist awarded a security in competition was required to trade that security for at least one year before being able to deregister in the security, if no other specialist will be assigned to the security after posting and deregistration.[7] In addition, generally, two years had to elapse before an intra-

[4] A specialist is a ''unit'' or organization that has registered as such with the Exchange under Article XXX, Rule 1. A co-specialist is an individual who has registered such under Article XXX, Rule 1. *See* CHX Rules, Article XXX, Rule 1, Interpretation and Policy .01.4(a).

[5] CHX Rules, Article 1, Rule 1, Interpretation and Policy .01.

[6] Securities Exchange Act Release No. 39028 (Sept. 8, 1997), 62 FR 48329 (Sept. 15, 1997); *see also* Securities Exchange Act Release No. 40408 (Sept. 8, 1998), 63 FR 49375 (Sept. 15, 1998).

[7] Posting means that all specialist are put on notice that the security is available for reassignment.