

the Credit amount, although not in the earnings attributable to that amount. Applicants argue that when Allmerica recaptures any Credit it is simply retrieving its own assets, and because an owner's interest in the Credit is not vested, the owner has not been deprived of a proportionate share of the applicable Separate Account's assets, *i.e.*, a share of the applicable Separate Account's assets proportionate to the owner's annuity account value (including the Credit).

5. In addition, Applicants state that it would be patently unfair to allow an owner exercising the free-look privilege to retain a Credit amount under a Contract that has been returned for a refund after a period of only a few days. Applicants state that if Allmerica could not recapture the Credit, individuals could purchase a Contract with no intention of retaining it, and simply return the Contract for a quick profit.

6. Applicants represent that the Credit will be attractive to and in the interest of investors because it will permit owners to put up to 105% of their contributions to work for them in the selected Sub-Accounts. In addition, the owner will retain any earnings attributable to the Credit, and the principal amount of the Credit will be retained under the conditions set forth in the application.

7. Applicants submit that the provisions for recapture of any Credit if an owner returns a Contract or any Future Contract during the free look period under the Contracts will not violate Sections 2(a)(32) and 27(i)(2)(A) of the 1940 Act. Nevertheless, to avoid any uncertainties, Applicants request an exemption from those Sections, to the extent deemed necessary, to permit the recapture of any Credit if an owner returns a Contract or any Future Contract during the free look period, without the loss of the relief from Section 27 provided by Section 27(i).

8. Section 22(c) of the 1940 Act authorizes the Commission to make rules and regulations applicable to registered investment companies and to principal underwriters of, and dealers in, the redeemable securities of any registered investment company, whether or not members of any securities association, to the same extent, covering the same subject matter, and for the accomplishment of the same ends as are prescribed in Section 22(a) in respect of the rules which may be made by a registered securities association governing its members. Rule 22c-1 thereunder prohibits a registered investment company issuing any redeemable security, a person designated in such issuer's prospectus

as authorized to consummate transactions in any such security, and a principal underwriter of, or dealer in, such security, from selling, redeeming, or repurchasing any such security except at a price based on the current net asset value of such security, which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security.

9. Arguably, Allmerica's recapture of the Credit may be viewed as resulting in the redemption of redeemable securities for a price other than one based on the current net asset value of the Separate Accounts. Applicants contend, however, that recapture of the Credit is not violative of Section 22(c) and Rule 22c-1. Applicants argue that the recapture does not involve either of the evils that Rule 22c-1 was intended to eliminate or reduce, namely: (i) the dilution of the value of outstanding redeemable securities of registered investment companies through their sale at a price below net asset value or their redemption or repurchase at a price above it, and (ii) other unfair results including speculative trading practices. See, Adoption of Rule 22c-1 under the 1940 Act, Investment Company Release No. 519 (Oct. 16, 1968). To effect a recapture of a Credit, Allmerica will redeem interests in an owner's Contract at a price determined on the basis of current net asset value of the respective Sub-Accounts. The amount recaptured will equal the amount of the Credit that Allmerica paid out of its general account assets. Although owners will be entitled to retain any investment gain attributable to the Credit, the amount of such gain will be determined on the basis of the current net asset value of the respective Sub-Accounts. Thus, no dilution will occur upon the recapture of the Credit. Applicants also submit that the second harm that Rule 22c-1 was designed to address, namely, speculative trading practices calculated to take advantage of backward pricing, will not occur as a result of the recapture of the Credit. However, to avoid any uncertainty as to full compliance with the 1940 Act, Applicants request an exemption from the provisions of Section 22(c) and Rule 22c-1 to the extent deemed necessary to permit them to recapture the Credit, as described herein, under the Contracts and Future Contracts.

Conclusion

Applicants submit that their request for an order is appropriate in the public interest. Applicants state that such an order would promote competitiveness in the variable annuity market by

eliminating the need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing the efficient use of Applicants' resources. Applicants argue that investors would not receive any benefit or additional protection by requiring Applicants to repeatedly seek exemptive relief that would present no issue under the 1940 Act that has not already been addressed in their application described herein. Applicants submit that having them file additional applications would impair their ability effectively to take advantage of business opportunities as they arise. Further, Applicants state that if they were required repeatedly to seek exemptive relief with respect to the same issues addressed in the application described herein, investors would not receive any benefit or additional protection thereby.

Applicants submit, based on the grounds summarized above, that their exemptive request meets the standards set out in Section 6(c) of the 1940 Act, namely, that the exemptions requested are necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act, and that, therefore, the Commission should grant the requested order.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-23114 Filed 9-3-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act 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 meeting during the week of September 6, 1999.

A closed meeting will be held on Thursday, September 9, 1999 at 10:00 a.m.

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

The subject matter of the closed meeting scheduled for Thursday, September 9, 1999, at 10:00 a.m., will be:

Institution of injunctive actions.

A litigation matter.

Institution and settlement of

administrative proceedings of an enforcement nature.

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: September 1, 1999.

Jonathan G. Katz,
Secretary.

[FR Doc. 99-23286 Filed 9-2-99; 11:48 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release 34-41805; File No. 600-23]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice and Order Extending Temporary Registration as a Clearing Agency

August 27, 1999.

Notice is hereby given that the securities and Exchange Commission ("Commission") pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")¹ is extending the Government Securities Clearing Corporation's ("GSCC") temporary registration as a clearing agency through January 14, 2000.

FOR FURTHER INFORMATION CONTACT: Jerry W. Carpenter, Assistant Director, or Jeffrey S. Mooney, Special Counsel, at 202/942-4187, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-1001.

Background

On May 24, 1988, pursuant to Sections 17A(b) and 19(a) of the Act² and Rule 17Ab2-1 promulgated thereunder,³ the Commission granted GSCC registration as a clearing agency on a temporary basis for a period of

three years.⁴ The Commission subsequently has extended GSCC's registration through August 31, 1999.⁵

In the most recent extension of GSCC's temporary registration, the Commission stated that it planned in the near future to seek comment on granting GSCC permanent registration as a clearing agency. The extension of GSCC's temporary registration will enable the Commission to do so within the next few months.

It is therefore ordered that GSCC's temporary registration as a clearing agency (File No. 600-23) be and hereby is extended through January 14, 2000, subject to the terms set forth above.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-23105 Filed 9-3-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41791; File No. SR-CBOE-99-43]

Self-Regulatory Organizations; Notice of Proposed Rule Change by the Chicago Board Options Exchange, Inc. To Amend Its Commission Pertaining to Corporate Governance

August 25, 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 6, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") 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 the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

⁴ Securities Exchange Act Release No. 25740 (May 24, 1988), 53 FR 19639.

⁵ Securities Exchange Act Release Nos. 29067 (April 11, 1991), 56 FR 15652; 32385 (June 3, 1993), 58 FR 32405; 35787 (May 31, 1995), 60 FR 30324; 36508 (November 27, 1995), 60 FR 61719; 37983 (November 25, 1996), 61 FR 64183; 38698 (May 30, 1997), 62 FR 30911; 39696 (February 24, 1998), 63 FR 10253; and 41104 (February 24, 1999), 64 FR 10510.

⁶ 17 CFR 200.30-3(a)(16).

¹ 15 U.S.C. 78s(b)(1)

² 17 CFR 240.19b-4.

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

The CBOE proposes to amend certain provisions of the Constitution pertaining to the governance of the Exchange.

The text of the proposed rule change follows. Additions are in *italics*; deletions are bracketed.

Article I; Definitions

Section 1.1 When used in this Constitution, *except as expressly otherwise provided or unless the context otherwise requires:*

(a) The term "Exchange" means the Chicago Board Options Exchange, Incorporated or its exchange market.

(b) The term "member" means an individual member or a member organization of the Exchange (or a registered nominee of such a member organization) that is a regular member in good standing described in section 2.1(b) of Article II of the Constitution[, or that is a special member in good standing described in section 2.1(d) of Article II of the Constitution to the extent that such special members are entitled to the rights and are subject to the obligations of members under the Certificate of Incorporation, the Constitution or the Rules].

(c) The term "member organization" means a partnership or corporation which owns a membership, or a partnership or corporation for which a membership is registered in accordance with Section 2.4 of Article II of the Constitution.

(d) The term "Board" means the Board of Directors of the Exchange.

(e) The term "Rules" means the rules of the Exchange as adopted or amended from time to time.

Article II; Membership

Section 2.1 Number of Memberships

(a) Membership in the Exchange shall be made available by the Exchange at such times, under such terms and in such number as shall be proposed by the Board and approved by the affirmative vote of the majority of the members present in person or represented by proxy at a regular or special meeting of the membership. Such an affirmative vote by the members shall be required for the issuance of all new memberships, whether regular or special, whether having expanded or limited rights, whether designated memberships or permits or as a classification using any other description, which grant the holders thereof the right to enter into securities transactions at the Exchange.

¹ 15 U.S.C. 78s(a).

² 15 U.S.C. 78q-1(b) and 78s(a).

³ 17 CFR 240.17Ab2-1.