Contract values will remain unchanged and fully invested. Contract owners will not incur any fees or charges as a result of the proposed substitutions nor will their rights under the Contracts be altered in any way. All expenses incurred in connection with the proposed substitutions, including legal, brokerage, accounting and other fees and expenses, will be paid by the Companies. In addition, the proposed substitutions will not impose any tax liability on Contract owners. The proposed substitutions will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions.

12. By supplements to the prospectuses for the Contracts and Accounts, all owners of Contracts have been notified of the Companies' intention to take the necessary actions, including seeking the order requested by the Application, to carry out the proposed substitutions. The supplements inform Contract owners that following the substitution, for a period of 30 days, the Life Companies will permit transfers from any subaccounts to any other subaccount without any limitation or charge being imposed and without the transfer counting against the number of transfers permitted each Contract year.

13. Additionally, within 5 days after the proposed substitutions are completed, all Contract owners will be sent a written notice informing them that the substitutions were completed and reiterating their right to make transfers to any other subaccount for a period of 30 days from the date of the notice without any limitation or charge being imposed and without the transfer counting against the number of transfers permitted each year. The Companies will include in such mailing the supplements to the prospectuses of the Accounts which describe the substitutions.

14. The Companies will provide Contract owners with copies of the substitute portfolios' prospectuses prior to the substitution or with the confirmation of the substitution.

Applicants' Legal Analysis

1. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the proposed substitutions. Section 26(b) provides, in pertinent part, 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 shall have approved such substitution.'' Section 26(b) also provides that the Commission will approve the substitution if the evidence establishes that the substitution is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Applicants asset that the purposes, terms and conditions of the proposed substitutions are consistent with the principles and purposes of Section 26(b) and do not entail any of the abuses that the section is designed to prevent. Applicants further assert that the proposed substitutions will not result in the type of costly forced redemption that Section 26(b) was intended to guard against.

3. Applicants maintain that each of the substitute portfolios is a suitable and appropriate investment vehicle for Contract owners. Each of the substitute portfolios has a similar or comparable investment objective as the portfolio it is replacing.

4. The average annual returns of the substitute portfolios for the past three years, with one exception, have exceeded the average annual returns of the replaced portfolios. The investment management and administrative fees and related expenses charged to the Accounts by the substitute portfolios are less than those fees and expenses charged to the Accounts by the replaced portfolios. Applicants, therefore, assert that the substitute portfolios will provide Contract owners with more favorable investment results than would be the case if the proposed substitutions do not take place.

5. Applicants assert that the proposed substitutions meet the standards that the Commission and its staff have applied to substitutions that have been approved in the past in that: (a) the investment objectives of the substitute portfolios are similar to or comparable to those of the replaced portfolios; (b) the substitutions, in all cases, will be effected at the net asset value of the respective shares in conformity with Section 22(c) of the Act and Rule 22c–1 thereunder, without imposition of any transfer or similar charge; (c) the Companies have undertaken to assume the expenses and transaction costs, including among others, legal, brokerage and accounting fees and any other expenses, relating to the substitutions; (d) the substitutions will in no way alter the insurance benefits to Contract owners or the contractual obligations of the Life Companies; (e) the substitutions will in no way alter tax benefits to Contract owners; and (f) Contract owners may choose to simply withdraw amounts credited to them following the substitutions under the conditions that currently exist without incurring any charges (other then applicable withdrawal charges).

16. Applicants assert that the transactions are consistent with the policies of the portfolios as recited in the current registration statements and reports filed under the 1940 Act; and that the proposed substitution is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the substitutions should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–27885 Filed 10–25–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Unistar Financial Service Corp., Common Stock, $.01 Par Value per Share) File No. 1–14975

October 20, 1999.

Unistar Financial Service Corp., a Delaware corporation (''Company''), has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the security specified above (''Security'') from listing and registration on the American Stock Exchange LLC (''Amex'' or ''Exchange'').

In its application to the Commission, the Company has stated that it does not believe it meets the requirements for continued listing on the Exchange. On August 24, 1999, representatives of the Amex advised the Company that, in reviewing the Company's eligibility for continued listing, the Amex was considering delisting the Security. The Exchange cited the following concerns to the Company:

(a) Whether the transactions through which the Company acquired U.S. Fidelity Holding Corp. involved related parties and, if so, whether those relationships were adequately disclosed;

(b) Whether the Company had appropriately valued a ''customer List''

which was its principal asset and which it carried at a value of approximately $86 million;

(c) Whether disclosure related to other transactions the Company has entered into, including disclosure and valuation of a reinsurance license, was complete and accurate; and

(d) Whether ownership interests and transactions in the common stock of the Company have been accurately disclosed.

In light of these concerns raised by the Amex, the Company has stated in its application to the Commission that it has determined it does not meet the requirements for continued listing on the Exchange. The Company has further stated in its application that it believes that these matters should be resolved by withdrawal of the Company's Security from listing on the Exchange.

Section 1011 of the American Stock Exchange Company Guide states:

> In appropriate circumstances, when the Exchange is considering delisting because a company no longer meets the requirements for continued listing, a company may, with the consent of the Exchange, file a delisting application, provided that it states in its application that it is no longer eligible for continued dealings on the Exchange.

The Exchange, by letter dated October 5, 1999, has advised the Company that, based on the provisions of Section 1011 quoted above, it has determined not to interpose an objection to the Company's filing of its application with the Commission to withdraw the Security from listing and registration on the Exchange.

The Company has complied with Amex Rule 18 by filing with the Exchange a certified copy of the resolution approved by its Board of Directors, effective September 21, 1999, authorizing the withdrawal of the security from listing on the Amex.

Any interested person may, on or before November 10, 1999, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609, facts bearing upon whether the application has been made in accordance with the rules of the Exchange and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

secretary.

[FR Doc. 99–27884 Filed 10–25–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–42029]

Order Directing Options Exchanges To Submit an Inter-Market Linkage Plan Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934

October 19, 1999.

Notice is hereby given that pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934 (the ''Act'').[1] the Securities and Exchange Commission (''SEC'' or ''Commission'') orders the American Stock Exchange LLC (''AMEX''), the Chicago Board Options Exchange, Inc. (''CBOE''), the Pacific Exchange Inc. (''PCX''), and the Philadelphia Stock Exchange, Inc. (''PHLX''), as well as requests the International Securities Exchange (''ISE'')[2] (collectively, the ''Options Exchanges''), to act jointly in discussing, developing, and submitting for Commission approval an inter-market linkage plan for multiply-traded options (''Linkage Plan''). The Commission further directs the Options Exchanges to submit for Commission approval a Linkage Plan no later than 90 days after the issuance of this Order.

I. Background

In 1975, Congress directed the Commission to oversee the development of a national market system.[3] At the time, the trading of standardized options was relatively new.[4] As a result, the Commission deferred applying to the options markets many of the national market system initiatives that applied to the equity markets to give options trading an opportunity to develop. Nevertheless, since the establishment of the options exchanges, the Commission has repeatedly called for market integration facilities for the options markets.[5] In 1980, the Commission ended a voluntary moratorium on expansion of the standardized options markets. The Commission deferred the general expansion of multiple trading to afford the options exchanges ''an opportunity to consider whether, and to what extent, the development of market integration facilities would minimie concerns regarding market fragmentation and maximize competitive opportunities in the options markets.''[6]

In 1989, the Commission adopted Exchange Act Rule 19c–5, which generally prohibits any exchange from adopting rules limiting its ability to list any stock option class because that option class is listed on another exchange.[7] In proposing Rule 19c–5, the Commission acknowledged that market

[1] Section 11A(a)(3)(B) authorizes the Commission, in furtherance of its statutory directive, to facilitate the establishment of a national market system, by rule or order, ''to authorize or require self-regulatory organizations to act jointly with respect to matters as to which they share authority under [the Act] in planning, developing, operating or regulating a national market system (or a subsystem thereof) or one or more facilities thereof.''

[2] The ISE has filed an application with the Commission to register as a national securities exchange. *See* Securities Exchange Act Release No. 41439 (May 24, 1999) 64 FR 29367 (June 1, 1999).

[3] Pub. L. 49–29 Stat. 97 (1975).

[4] The trading of standardized options on securities exchanges began in 1973, with the organization of CBOE as a national securities exchange. *See* Securities Exchange Act Release No. 9985 (February 1, 1973) 1 S.E.C. Doc. 11 (February 13, 1973). Subsequently, the Commission approved options pilot programs at AMEX, PHLX, PCX, and the Midwest Stock Exchange (''MSE''). The New York Stock Exchange (''NYSE'') began trading options in 1985. *See* Securities Exchange Act Release No. 11144 (December 19, 1974) 40 FR 3258 (January 20, 1975); Securities Exchange Act Release No. 11423 (May 15, 1975) 6 S.E.C. Doc. 894 (May 28, 1975); Securities Exchange Act Release No. 12283 (March 30, 1976) 41 FR 14454 (April 5, 1976); Securities Exchange Act Release No. 13045 (December 8, 1976) 41 FR 54783 (December 15, 1976); and Securities Exchange Act Release No. 21759 (February 14, 1985) 50 FR 7250 (February 21, 1985). The MSE's options program was merged into the CBOE's program in 1979. The NYSE sold its options business to CBOE in 1997. Currently, AMEX, CBOE, PCX, and PHLX are the only national exchanges that trade standardized options.

[5] *See* Report of the Special Study of the Options Markets to the Securities and Exchange Commission, 96th Cong., 1st Sess. (Comm. Print No. 96–IFC3, December 22, 1978) (examining the major issues of market structure in standardized options markets, including multiple trading); Securities Exchange Act Release No. 16701 (March 26, 1980) 45 FR 21426 (April 1, 1980) (deferring expansion of multiple trading to afford the options exchanges an opportunity to consider the development of market integration facilities); Securities Exchange Act Release No. 22026 (May 8, 1985) 50 FR 20310 (May 15, 1985) (urging options market participants to consider the development of market integration facilities); Directorate of Economic and Policy Analysis, ''The Effects of Multiple Trading on the Market for OTC Options'' (November 1986); Office of the Chief Economist, ''Potential Competition and Actual Competition in the Options Market'' (November 1986); Securities Exchange Act Release No. 26871 (May 26, 1989) 54 FR 24058 (June 5, 1989) (requesting comment on three measures, including an inter-market linkage).

[6] *See* Securities Exchange Act Release No. 16701 (March 26, 1980) 45 FR 21426 (April 1, 1980). In 1997, the Commission had requested that the options exchanges refrain from listing any options classes beyond those already listed as of July 15, 1997, because of concerns over the rapid growth in listed options trading and possible trading and sales practice abuses.

[7] *See* Securities Exchange Act Release No. 26870 (May 26, 1989) 54 FR 23963 (June 5, 1989).