does not violate Section 22(c) and Rule 22c–1. Applicants further state that an owner's interest in his or her policy value or in an Account would always be offered at a price next determined on the basis of net asset value and that the granting of a bonus credit does not reflect a reduction of that price. Applicants state that the Companies will purchase with their own general account assets an interest in an Account equal to the bonus credit. Applicants assert that because the bonus credit will be paid out of the Company assets, not Account assets, no dilution will occur as a result of the credit.

10. Applicants argue that the recapture of the bonus credit does not involve either of the evils that the Commission intended to eliminate or reduce with Rule 22c–1. The Commission's stated purpose in adopting Rule 22c–1 was to avoid or minimize: (i) dilution of the interests of other security holders; and (ii) speculative trading practices that are unfair to such holders. Applicants assert that the proposed recapture of the bonus credit does not pose such threat of dilution. The bonus credit recapture will not alter an owner's net asset value. Each Company will determine an owner's net cash surrender value under a Policy in accordance with Rule 22c–1 on a basis next computed after receipt of an owner's request for surrender (likewise, the calculation of death benefits and annuity payment amounts will be in full compliance with the forward pricing requirement of Rule 22c–1). The amount recaptured will equal the amount of the bonus credit that a Company paid out of its general account assets. Although an owner will retain any investment gain attributable to the bonus credit, a Company will determine the amount of such gain on the basis of the current net asset value of a sub-account. Applicants further assert that the credit recapture does not create the opportunity for speculative trading calculated to take advantage of backward pricing.

11. Applicants assert that Rule 22c–1 and Section 22(c) should have no application to the bonus credit, as neither of the harms that Rule 22c–1 was designed to address are found in the recapture of the bonus credit. However, to avoid uncertainty as to full compliance with the 1940 Act, the 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 bonus credit under the Policies and Future Policies.

12. Applicants argue that a Company should be able to recapture such bonus credit to protect itself from investors wishing to use the Policy as a vehicle for a quick profit at a Company's expense, and to enable a Company to limit potential losses associated with such bonus credit.

13. Applicants request exemptions from Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and Rule 22c–1 thereunder, to the extent necessary to permit the Applicants to recapture the bonus credit applied to a premium payment in the circumstances described above. Applicants assert that additional requests for exemptive relief would present no issues under the 1940 Act not already addressed herein. Applicants state that if the Applicants were to repeatedly seek exemptive relief with respect to the same issues addressed herein, investors would not receive additional protection or benefit, and investors and the Applicants could be disadvantaged by increased costs from preparing such additional requests for relief. Applicants argue that the requested class relief is appropriate in the public interest because the relief will promote competitiveness in the variable annuity market by eliminating the need for the Companies or their affiliates to file redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources.

Conclusion

For the reasons set forth above, Applicants believe that the exemptions requested are necessary and 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 consistent with and supported by Commission precedent.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00–24127 Filed 9–19–00; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [To Be Published]

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: To be published.

CHANGE IN THE MEETING: Additional Meeting.

An additional open meeting will be held on Thursday, September 21, 2000 at 8:30 a.m., in Room 1C30.

Commissioner Hunt, as duty officer, determined that no earlier notice thereof was possible.

The subject matter of the open meeting scheduled for Thursday, September 21, 2000 at 8:30 a.m. will be:

The Commission will hold public hearings on its proposed rule amendments concerning auditor independence. The purpose of the hearings is to give the Commission the benefit of the views of interested members of the public regarding the issues raised and questions posed in the Proposing Release (33–7870). For further information, contact: John M. Morrissey, Deputy Chief Accountant or W. Scott Bayless, Associate Chief Accountant, Office of the Chief Accountant at (202) 942–4400.

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 (202) 942–7070.

Dated: September 14, 2000.

Jonathan G. Katz,

Secretary.

[FR Doc. 00–24194 Filed 9–15–00; 5:04 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: 65 FR 56351.

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: September 18, 2000.

CHANGE IN THE MEETING: Time Change.

The open meeting scheduled for Wednesday, September 20, 2000 at 9 a.m., has been changed to Wednesday, September 20, 2000, at 8:30 a.m.

At times, changes in Commission priorities require alternations 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 15, 2000.

Jonathan G. Katz,

Secretary.

[FR Doc. 00–24195 Filed 9–15–00; 5:09 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: 65 FR 56351.

ACTION: Federal Register Citation of Previous Announcement: 65 FR 56351.

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: September 18, 2000.

CHANGE IN THE MEETING: Time Change.

The closed meeting scheduled for Thursday, September 21, 2000 at 11 a.m., has been changed to Friday, September 22, 2000, at 11 a.m.

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 15, 2000.

Jonathan G. Katz,

Secretary.

[FR Doc. 00–24196 Filed 9–15–00; 5:00 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–43285; File No. SR–CBOE–00–01]

Self-Regulatory Organizations; Order Approving a Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Prohibition on the Entry of Certain Electronically Generated Orders Into the Exchange's Order Routing System

September 12, 2000.

I. Introduction

On February 9, 2000, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change governing certain electronically generated orders. On March 6, 2000, April 28, 2000, and July 10, 2000, the CBOE filed Amendment Nos, 1, 2, and 3, respectively to the proposal.[3] Notice of the proposal was published in the **Federal Register** on August 4, 2000.[4] The Commission received one comment letter regarding the proposal.[5] This order approves the proposed rule change, as amended.

II. Description of the Proposal

New Rule 6.8A (''Rule'') restricts the entry of certain options orders that are created and communicated electronically, without manual input, into the CBOE's Order Routing System (''ORS''). ORS is the Exchange's automated order trading and routing system comprised of the options order routing system, the Retail Automatic Execution System (''RAES''),[6] the electronic limit order book, and other electronic delivery and acceptance systems and terminals.

The Rule provides that members may not enter nor permit the entry of, orders into ORS if those orders are created and communicated electronically without manual input and if such orders are eligible for execution on RAES at the time that they are sent. To be permitted under the Rule, order entry by public customers or associated persons of members must involve manual input, such as entering the terms of an order into an order-entry screen or manually selecting a displayed order against which an off-setting order should be sent. Members are permitted to communicate to the Exchange orders manually entered by customers into front-end communication systems such as Internet gateway and online networks.

The Rule clarifies that an order is eligible for execution on RAES if: (1) its size is equal to or less than the maximum RAES order size for the particular option series; (2) the order is marketable or is tradable pursuant to the RAES auto step-up feature at the time it is sent; and (3) the order has either no contingency or has a contingency that is accepted for execution by RAES. As defined in the Rule, a marketable order is a market order or a limit order in which the specified price to sell is below or at the current bid, or the specified price to buy is above or at the current offer. An order is tradable pursuant to the RAES auto step-up feature if the appropriate CBOE Floor Procedure Committee (''FPC'') has designated the class as an auto step-up class and if the National Best Bid or Offer (''NBBO'') for the particular series is reflected by the current best bid or offer in another market by no more than the step-up amount as defined in Interpretation .02 of CBOE Rule 6.8.

The proposal is designed to permit CBOE market makers who participate in RAES to compete more effectively with customers who are equipped with electronic systems. Specifically, the Exchange represents that its business model depends upon market makers for competition and liquidity. If further represents that public customer orders submitted to the CBOE are provided with certain benefits pursuant to various rules of the Exchange, including Rule 6.8 (RAES Operations), Rule 6.45 (Priority of Bids and Offers), Rule 7.4 (Obligations for Orders), and Rule 8.51 (Trading Crowd Firm Disseminated Market Quotes). The Exchange represents that allowing electronically generated and communicated customer orders to be routed directly to ORS and RAES would give customers with such electronic systems a significant advantage over market makers. The Exchange believes that this could undercut its business model. The Exchange notes that under the proposed rule change, computer generated orders can still be sent for execution on the Exchange; however, they may not be sent for execution through ORS.

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

[2] 17 CFR 240.19b–4.

[3] In Amendment No, 2, the Exchange proposed to create new Rule 6.8A, *Electronically Generated and Communicated Orders,* rather than including the proposed rule language as a subsection of CBOE Rule 6.8, *RAES Operations.* In Amendment No. 2, the Exchange proposed to prohibit electronically generated orders only if they were eligible for execution on the Exchange's Retail Automatic Execution System (''RAES''). In Amendment No. 3, the Exchange revised the proposed rule language to clarify that electronically created orders will be prohibited from entry into the Order Routing System (''ORS'') if they are eligible for execution on RAES at the time they are sent to the Exchange. Amendment No. 3 also clarified the types of orders that are considered to be eligible for execution on RAES at the time they are sent. *See* letters from Timothy Thompson, Assistant General Counsel, Legal Department, CBOE, to Nancy J. Sanow, Assistant Director, Division, Commission, dated March 3, 2000, April 27, 2000, and July 6, 2000. The modifications made by these amendments are incorporated in the description of the proposal in Section II below.

[4] Securities Exchange Act Release No. 43087 (July 28, 2000), 65 FR 48033.

[5] *See* Section III below for a description of the comment letter.

[6] RAES automatically executes customer market and marketable limit orders that fall within designated order size parameters. All designated primary market makers (''DPMs'') of a particular option class are required to log on RAES for that class; other market makers who trade that class on the floor may log on RAES but are not required to do so. When RAES receives an order, the system automatically attaches to the order its execution price, generally determined by the prevailing market quote at the time of the order's entry to the system, and a participating market maker will be designated as the counterparty on the trade. *See* CBOE Rule 6.8(a)(ii).