

substitution described in the amended and restated application will not be completed, unless all of the following conditions are met.

1. The Commission shall have issued an order approving the substitution under Section 26(c) of the 1940 Act.

2. Each Contract owner will have been sent (a) a copy of the effective prospectus relating to the Replacement Fund and any necessary amendments to the prospectuses relating to the Contracts, (b) prior to the Liquidation Date, a Pre-Substitution Notice describing the terms of the substitution and the rights of the Contract owners in connection with the substitution, and (c) if affected by the substitution, a Post-Substitution Notice informing them that the substitution was carried out and advising them of their transfer rights.

Applicants assert, for the reasons stated above, that the proposed substitution is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act and the requested Order approving the substitution should be granted.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

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 April 8, 2002: A closed meeting will be held on Wednesday, April 10, 2002 at 9:30 a.m. and an open meeting will be held on Thursday, April 11, 2002 at 10:00 a.m., in Room 1C30, the William O. Douglas Room.

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

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)(5), (7), (9)(B), and (10) and 17 CFR 200.402(a)(5), (7), (9)(ii) and

(10), permit consideration of the scheduled matters at the closed meeting.

The subject matter of the closed meeting scheduled for Wednesday, April 10, 2002, will be: formal orders of private investigation; institution and settlement of injunctive actions; and institution and settlement of administrative proceedings of an enforcement nature.

The subject matter of the open meeting scheduled for Thursday, April 11, 2002, will be:

1. The Commission will consider a proposal to amend the definition of "equity security" in rules under the Securities Act of 1933 and the Securities Exchange Act of 1934 to include a security future. The proposed amendment would conform the definitions to the statutory changes made by the Commodity Futures Modernization Act of 2000 to the definition of "security" in the Securities Act and definitions of "security" and "equity security" in the Exchange Act with respect to security futures.

2. The Commission will consider proposals to accelerate the filing of Exchange Act quarterly and annual reports. The proposals also would require companies to disclose in their annual reports whether they provide access to their annual, quarterly and current reports on Form 8-K on their websites. If a company does not provide website access to its reports, it would have to state the reasons why it does not provide such access. The proposed amendments are part of the changes to the corporate disclosure rules that the Commission announced its intention to propose in Press Release 2002-22 on February 13, 2002.

3. The Commission will consider proposing amendments to Exchange Act Form 8-K, the form companies use to file current reports. The proposed amendments would require companies with a class of equity securities registered under Section 12 of the Exchange Act to report on Form 8-K: (1) directors' and executive officers' transactions in company equity securities; (2) directors' and executive officers' arrangements for the purchase and sale of company equity securities intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1; and (3) loans of money to a director or executive officer made or guaranteed by the company collateralized by the director's or executive officer's company equity securities. The proposed amendments are part of the changes to the corporate disclosure rules that the Commission announced its intention to propose in

Press Release 2002-22 on February 13, 2002.

4. The Commission will consider whether to propose new rule 203A-2(f) under the Investment Advisers Act of 1940, which would permit certain investment advisers that provide advisory services through interactive Internet websites to register with the Commission instead of state securities authorities.

5. The Commission will consider whether to adopt a new registration form, Form N-6, for insurance company separate accounts registered as unit investment trusts that offer variable life insurance policies. The form is to be used by these separate accounts to register under the Investment Company Act of 1940 and to offer their securities under the Securities Act of 1933. The form would focus prospectus disclosure on essential information that will assist investors in deciding whether to invest in a particular variable life insurance policy, and would streamline the registration process by replacing two forms that were not specifically designed for variable life insurance policies with a single form tailored to these products. The Commission will also consider whether to adopt an amendment to Form N-1A, the form used by mutual funds to register under the Investment Company Act and to offer their shares under the Securities Act, to require a fee table for mutual funds that offer their shares as investment options exclusively for variable life insurance policies and variable annuity contracts.

6. The Commission will consider whether to propose amendments to Form N-4, the registration form for insurance company separate accounts that are registered as unit investment trusts and that offer variable annuity contracts. The proposed amendments would revise the format of the fee table of Form N-4 to require disclosure of the range of expenses for all of the mutual funds offered through the separate account, rather than disclosure of the expenses of each fund. These and other proposed technical amendments to the fee table would conform the treatment of fund expenses in Form N-4 to that in proposed Form N-6, a registration form for variable life insurance policies that will be considered for adoption by the Commission, and Form N-1A, the registration form used by mutual funds.

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: April 4, 2002.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45670; File No. SR-CBOE-2002-08]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Allocation of Orders

March 28, 2002.

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 February 19, 2002, the Chicago Board Options Exchange, Inc. ("CBOE" 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 Exchange. On March 22, 2002, the CBOE submitted Amendment No. 1 to the proposed rule change.³ On March 27, 2002, the CBOE submitted Amendment No. 2 to the proposed rule change.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The CBOE proposes to amend its rules governing the priority of bids and offers and to clarify how orders are to be allocated to market participants on the floor.

Below is the text of the proposed rule change. Deleted language is in brackets. Proposed new language is *italicized*.

Rule 6.45 Priority of Bids and Offers— Allocation of Trades

Except as provided by Rules, including but not limited to Rule 6.2A, 6.8, 6.9, Rule 6.47, Rule 6.74, Rule 8.87, and CBOE Regulatory Circulars approved by the SEC concerning

Participation Rights, the following rules of priority shall be observed with respect to bids and offers:

(a) Priority of bids.

(i) The highest bid shall have priority, but where two or more bids for the same option contract represent the highest price and one such bid is displayed in the customer limit order book in accordance with Rules 7.7 and 8.85(b), such bid shall have priority over any other bid at the post. *If more than one public customer order is represented in the customer limit order book at the best price, priority shall be afforded to such orders in the sequence in which they were received by the Order Book Official ("OBO") or Designated Primary Market-Maker ("DPM").*

(ii) *The following applies with respect to orders being represented by a Floor Broker, DPM acting as agent under Rule 8.85(b), or OBO, or with respect to bids made in response to a specific request from a Market-Maker. With respect to each of the following, the Floor Broker, DPM, OBO, or Market-Maker shall determine the sequence in which the bids were made.*

(1) If two or more bids represent the highest price and a bid from the customer limit order book is not involved, priority shall be afforded to such bids in the sequence in which they are made.

(2) *If the bids were made at the same time, or in the event the Floor Broker, DPM, OBO, or Market-Maker cannot reasonably determine the sequence in which the bids were made, priority shall be apportioned equally.*

(3) *If the Floor Broker, DPM, OBO, or Market-Maker cannot reasonably determine the sequence in which the bids were made beyond a certain number of market participants, the Floor Broker, DPM, OBO, or Market-Maker shall provide for the remaining contracts, if any, to be apportioned equally among those market participants who bid at the best price at the time the market was established.*

(4) *In the event a market participant declines to accept any portion of the available contracts, any remaining contracts shall be apportioned equally among the other market participants who bid at the best price at the time the market was established until all contracts have been apportioned.*

The Floor Broker, DPM, OBO, or Market-Maker shall determine which market participants responded at the best market at the time the market was established.

(iii) *Any contracts remaining in an order, if any, after giving effect to paragraph (ii) above, shall be apportioned equally between any other*

market participants in the trading crowd who bid at the best price in a reasonably prompt manner subsequent to the time the market was established.

(iv) *Whenever a member requests from members of a trading crowd a single bid in excess of the RAES order eligibility size for that option class as provided for in Interpretation .11 to Rule 8.7, each member of the trading crowd shall be apportioned a share of the executed order based on an approximate pro rata percentage, to the extent practicable, of the crowd member's portion of the size of the original single bid. The member requesting the single bid shall determine what constitutes an approximate pro rata percentage of the order that is executed with respect to each member of the trading crowd who participated in making the single bid.*

(b) Priority of offers.

The lowest offer shall have priority, but where two or more offers for the same option contract represent the lowest price, priority shall be determined in the same manner as specified in paragraph (a) in the case of bids.

(c) No change

(d) No Change

(e) Exception.

Notwithstanding anything in paragraphs (a) and (b) to the contrary, when a member holding a spread order, a straddle order, or a combination order and bidding or offering in a multiple of the minimum increment on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions with the bids and offers displayed in the customer limit order book or announced by members in the trading crowd, then the order may be executed as a spread, straddle, or combination at the total credit or debit with one other member without giving priority to bids or offers of members in the trading crowd that are no better than the bids or offers comprising such total debit or credit and bids and offers in the customer limit order book provided at least one leg of the order would trade at a price that is better than the corresponding bid or offer in the book. Under the circumstances described above, a stock-option order, as defined in Rule 1.1(ii)(a), has priority over the bids and offers of members in the trading crowd but not over the bids and offers in the customer limit order book. A stock option order as defined in Rule 1.1(ii)(b), consisting of a combination order with stock, may be executed in accordance with the first sentence in this subparagraph (e).

* * * Interpretations and Policies:

.01 No Change

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from Madge M. Hamilton, Attorney, CBOE, to Nancy J. Sanow, Assistant Director, Division of Market Regulation ("Division"), Commission, dated March 22, 2002. The changes made by Amendment No. 1 have been incorporated into this notice.

⁴ See letter from Madge M. Hamilton, Attorney, CBOE, to Nancy J. Sanow, Assistant Director, Division, Commission, dated March 22, 2002. The changes made by Amendment No. 2 have been incorporated into this notice.