Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549–0102 (telephone (202) 942–8090).

Applicants' Representations

1. The Company, a Maryland corporation, is registered under the Act as an open-end management investment company. The Company currently is comprised of twenty-one series, including the International Fund. The Adviser, a California corporation, is registered under the Investment Advisers Act of 1940 and is investment adviser to each series of the Company. The Adviser is a wholly-owned subsidiary of The TCW Group, Inc.

2. The International Fund is a fund of funds relying on section 12(d)(1)(G) of the Act. The International Fund's investment objective is long-term capital appreciation through the allocation of assets, within predetermined percentage ranges approved by the board of directors of the Company (''Board''), including a majority of the directors who are not interested persons, as defined in section 2(a)(19) of the Act (''Independent Directors''), among the Company's other separate series (or any new series) which, except for a money market fund, invest in foreign securities (Underlying Funds''). Applicants request relief to permit the International Funds to invest directly in equity securities of companies located in Australia and New Zealand (''Australia and New Zealand Securities''). No Underlying Funds invest in Australia or New Zealand Securities and applicants state shareholders of the International Fund would be disadvantaged if the International Fund could not diversify and capture any performance benefit in these markets.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities (i) represent more than 3% of the acquired company's outstanding voting stock; (ii) more than 5% of the acquiring company's total assets; or (iii) if such securities, together with the securities of other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will (i) cause the acquiring company to own more than 3% of the acquired company's voting stock, or (ii) cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(G) of the Act provides that section 12(d)(1) will not apply to securities of an acquired company purchased by an acquiring company if: (a) the acquiring company and the acquired company are part of the same group of investment companies; (b) the acquiring company holds only securities of acquired companies that are part of the same group of investment companies, government securities; and short-term paper; (c) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are not excessive under rules adopted pursuant to section 22(b) of the Act or section 22(c) of the Act by a securities association registered under section 15A of the Securities Exchange Act of 1934 or the Commission; and (d) the acquired company has a policy that prohibits it from acquiring securities of registered open-end investment companies or registered unit investment trusts in reliance on section 12(d)(1)(F) or (G). Applicants believe that the proposed arrangement would comply with the provisions of section 12(d)(1)(G), except for the fact that the International Fund would like the flexibility to invest a portion of its assets directly in Australia and New Zealand Securities.

3. Section 12(d)(1)(J) of the Act provides that the Commission may exempt, conditionally or unconditionally, persons or transactions from the provisions of section 12(d)(1) if, and to the extent that, the exemption is consistent with the public interest and the protection of investors. Applicants believe that permitting the International Fund to invest in Australia and New Zealand Securities as described in the application would not raise any of the concerns that the requirements of section 12(d)(1)(G) were designed to address.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions.

1. Before approving any advisory contract under section 15 of the Act, the Board, on behalf of the International Fund, including a majority of the Independent Directors, will find that the advisory fees, if any, charged under such contract are based on services provided that are in addition to, rather than duplicative of, services that are provided under any Underlying Fund's advisory contract. The finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the International Fund.

2. Applicants will comply with all of the provisions of section 12(d)(1)(G) of the Act, except for section 12(d)(1)(G)(i)(II) to the extent that it restricts the International Fund from investing in securities as described in the application.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–6918 Filed 3–19–99; 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 March 22, 1999.

A closed meeting will be held on Thursday, March 25, 1999, at 2:30 p.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 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 Carey, 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, March 25, 1999, at 2:30 p.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution of injunctive actions.

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: March 18, 1999.

Johathan G. Katz,

Secretary.

[FR Doc. 99–7062 Filed 3–18–99; 12:22 pm]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41164; File No. SR–Amex–99–01]

Self-Regulatory Organizations; Order Granting Approval to Proposed Rule Change by the American Stock Exchange LLC Relating to Reductions in Airline, Natural Gas, Pharmaceutical and Securities Broker-Dealer Indices Values

March 12, 1999.

I. Introduction

On January 6, 1999, the American Stock Exchange LLC (''Amex'' or ''Exchange'') submitted to 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 to reduce the index values for the Airlines, Natural Gas, Pharmaceutical and Securities Broker/Dealer Indices.

The proposed rule change was published for comment in the **Federal Register** on February 9, 1999.[3] No comments were received on the proposal. This order approves the proposal.

II. Description of the Proposal

The Commission granted the Exchange approval to list and trade options on the Airline Index on December 12, 1994,[4] the Natural Gas Index on March 7, 1994,[5] the Pharmaceutical Index on June 18, 1992,[6] and the Securities Broker/Dealer Index on March 15, 1994.[7] Initially, the aggregate value of the stocks contained in the Indices was reduced by divisors to establish index benchmark values of 200 in the Airline Index and Pharmaceutical Index and 300 in the Natural Gas Index and Securities Broker/Dealer Index. As of December 16, 1998, the index values were as follows: Airline Index—275, Pharmaceutical—742, Natural Gas Index—216, and Securities Broker/Dealer Index—464.[8]

In the case of the Airline, Pharmaceutical and Securities Broker/Dealer Indices, the Exchange believes that as a consequence of the rising values of the Indices, premium levels for options on the Indices have also risen. According to the Exchange, these higher premium levels have been cited as the principal factor that has discouraged retail investors and some market professionals from trading those index options. In addition, in the case of the Natural Gas Index the Exchange represents that its membership has indicated that indices with values between 100 and 200 tend to promote increased liquidity in the overlying options. As a result, the Exchange is proposing to decrease the Indices by one-half of their present values.

To decrease the values of the Indices, the Exchange will double the divisor used in calculating the Indices. The Amex proposes no other changes to the components of the Indices, their methods of calculation (other than the change in the divisor), expiration style of the options or any other Index specification.

The Amex believes that lower value Indices will result in substantial lowering of the dollar values of options premiums for options contracts on the Airline, Natural Gas, Pharmaceutical, and Securities Broker/Dealer Indices. The Exchange plans to adjust outstanding series similar to the manner in which equity options are adjusted for a 2-for-1 stock split. On the effective date of the split ''ex-date,'' the number of outstanding options contracts on the Indices will be doubled and the associated strike prices halved.

Position and Exercise Limits

Currently, position and exercise limits for the Indices are as follows: Airline—15,000 contracts; Natural Gas—15,000 contracts; Pharmaceutical—12,000 contracts; and Securities Broker/Dealer—15,000. The Exchange proposes to double the position and exercise limits to 30,000, 30,000, 24,000, and 30,000 contracts respectively, on the same side of the market. This change will be made simultaneously with the proposed reduction of the Indices' values and the doubling of the number of contracts.

Because the new position and exercise limits will be equivalent to the Indices' present limits, the Exchange believes there is no additional potential for manipulation of the Indices or the underlying securities. Further, an investor who is currently at the 12,000 or 15,000 contract limit will, as a result of the Index value reductions, automatically hold 24,000 or 30,000 contracts to correspond with the lowered Index values. These increased position and exercise limits will revert to the original limits at the expiration of the furthest expiration month for non-LEAPs as established on the date of the split.[9]

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and in particular, with the requirements of Section 6(b).[10] Specifically, the Commission believes the proposal is consistent with the Section 6(b)(5)[11] requirements in that the proposed reduction in value of the Indices and the associated temporary increases in the position and exercise limits should remove impediments to and perfect the mechanism of a free and open market in a manner consistent with the protection of investors and the public interest.[12]

By reducing the value of the Indices, the Commission believes that a broader range of investors will be provided with a means to hedge their exposure to the market risk associated with the stocks underlying the Indices. Similarly, the Commission believes that reducing the value of the Indices may attract additional investors, thus creating a more active and liquid trading market.

The Commission also believes that Amex's proposed adjustments to its position and exercise limits applicable to the Indices are appropriate and consistent with the Act. In particular, the Commission believes that the temporary doubling of the position and exercise limits is reasonable in light of the fact that the size of the options contracts on the Indices will be halved and that, as a result, the number of

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 41010 (February 1, 1999), 64 FR 6404 (February 9, 1999).

[4] Securities Exchange Act Release No. 35084 (December 12, 1994), 59 FR 65419 (December 19, 1994).

[5] Securities Exchange Act Release No. 33720 (March 7, 1994), 59 FR 11630 (March 11, 1994).

[6] Securities Exchange Act Release No. 30830 (June 18, 1992), 57 FR 28221 (June 24, 1992).

[7] Securities Exchange Act Release No. 33766 (March 15, 1994), 59 FR 13518 (March 22, 1994).

[8] On May 1, 1998, the Commission granted the Exchange approval to split the Airline Index in half. *See* Securities Exchange Act Release No. 39941 (May 1, 1998), 63 FR 25251 (May 7, 1998). On March 20, 1998, the Commission granted the Exchange approval to split the Securities Broker/Dealer Index in half. *See* Securities Exchange Act Release No. 39775 (March 20, 1998), 63 FR 14741 (March 26, 1998).

[9] *See* note 13 *infra*.

[10] 15 U.S.C. 78f(b).

[11] 15 U.S.C. 78f(b)(5).

[12] In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).