

Securities Lending Program

1. Before a Portfolio may participate in the Securities Lending Program, a majority of the Board, including a majority of the Independent Trustees, will approve of the Portfolio's participation in the Securities Lending Program. Such trustees also will evaluate the securities lending arrangement and its results no less frequently than annually and determine that any investment of Cash Collateral in the Underlying Funds is in the best interest of the shareholders of the Funds and their corresponding Portfolios.

2. Cash Collateral of the Money Market Portfolios will not be used to acquire shares of any Private Fund that does not comply with the requirements of rule 2a-7 under the Act.

3. The approval of an Investing Portfolio's Board, including a majority of the Independent Trustees, will be required for the initial and subsequent approvals of State Street's service as lending agent for the Investing Portfolios under the Securities Lending Program, for the institution of all procedures relating to the Securities Lending Program as it relates to the Investing Portfolios, and for any period review of loan transactions for which State Street acts as lending agent under the Securities Lending Program.

4. The Securities Lending Program of each Portfolio will comply with all present and future applicable SEC and staff positions regarding securities lending arrangements.

Private Funds

5. The Private Funds will comply with the requirements of sections 17(a), (d), (e), and 18 of the Act as if the Private Funds were registered open-end investment companies. With respect to all redemption requests made by a Lending Portfolio, the Private Funds will comply with section 22(e) of the Act. The Adviser, as sole trustee of the Private Funds, will adopt procedures designed to ensure that the Private Funds comply with sections 17(a), (d), (e), 18 and 22(e) of the Act. The Adviser will periodically review and periodically update as appropriate such procedures and will maintain books and records describing such procedures, and maintain the records required by rules 31a-1(b)(1), 31a-1(b)(2)(ii) and 31a-1(b)(9) under the Act. All books and records required to be made pursuant to this condition will be maintained and preserved for a period of not less than six years from the end of the fiscal year in which any transaction occurred, the first two years in an easily accessible

place, and will be subject to examination by the SEC and its staff.

6. The Strategic Cash Trust, which will use the "amortized cost method" of valuation as defined in rule 2a-7 under the Act, will comply with rule 2a-7. With respect to the Strategic Cash Trust, the Adviser will adopt and monitor the procedures described in rule 2a-7(c)(7) under the Act and will take such other actions as are required to be taken under those procedures. The Investing Portfolios may only purchase shares of the Strategic Cash Trust using the amortized cost method of valuation if the Adviser determines on an ongoing basis that the Strategic Cash Trust is in compliance with rule 2a-7. The Adviser will preserve for a period of not less than six years from the date of determination, the first two years in an easily accessible place, a record of the determination and the basis upon which the determination was made. This record will be subject to examination by the SEC and its staff.

7. Each Lending Portfolio will purchase and redeem shares of the Private Funds as of the same time and at the same price, and will receive dividends and bear its proportionate share of expenses on the same basis, as other shareholders of the Private Funds. A separate account will be established in the shareholder records of each Private Fund for the account of each Lending Portfolio.

8. The net asset value per share with respect to shares of the Private Funds will be determined separately for each Private Fund by dividing the value of the assets belonging to that Private Fund, less the liabilities of that Private Fund, by the number of shares outstanding with respect to that Private Fund.

Other Conditions

9. Investment of Uninvested Cash in the Money Market Portfolios and Cash Collateral in the Underlying Funds will be in accordance with each Portfolio's respective investment restriction, if any, and will be consistent with its corresponding Fund's policies as recited in such Fund's prospectuses and statements of additional information.

10. Shares of the Money Market Portfolios and Private Funds will not be subject to a sales load, redemption fee, distribution fee adopted in accordance with rule 12b-1 under the Act, or service fee (as defined in rule 2830(b)(9) of the NASD Conduct Rules).

11. Before the next meeting of the Board of an Investing Portfolio is held for the purpose of voting on an advisory contract under section 15 of the Act, the Adviser will provide the Board with

specific information regarding the approximate cost to the Adviser of, or portion of the advisory fee under the existing advisory fee attributable to, managing the Uninvested Cash of the Investing Portfolio that can be expected to be invested in the Money Market Portfolio. In connection with approving any advisory contract for an Investing Portfolio, the Board of the Investing Portfolio, including a majority of the Independent Trustees, will consider to what extent, if any, the advisory fees charged to the Investing Portfolio by the Adviser should be reduced to account for reduced services provided to the Investing Portfolio by the Adviser as a result of Uninvested Cash being invested in the Money Market Portfolio. The minute books of the Investing Portfolio will record fully the Board's consideration in approving the advisory contract, including the considerations referred to above.

12. Each Investing Portfolio will invest Uninvested Cash in, and hold shares of, the Money Market Portfolios only to the extent that the Investing Portfolio's aggregate investment in the Money Market Portfolios does not exceed 25% of the Investing Portfolio's total assets.

13. Each Investing Portfolio, each Money Market Portfolio, and any future Portfolio that may rely on the order will be advised by the Adviser, or a person controlling, controlled by, or under common control with the Adviser.

14. No Money Market Portfolio or Private Fund that is an Underlying Fund will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION**Agency 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 April 26, 1999.

A closed meeting will be held on Wednesday, April 28, 1999, at 11:00 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 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 Johnson, 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 Wednesday, April 28, 1999, at 11:00 a.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature
Institution and settlement 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: April 22, 1999.

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41303; File No. SR-GSCC-99-01]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Granting Approval of Proposed Rule Change Regarding the Expansion of GSCC's GCF Repo Service

April 16, 1999.

On January 27, 1999, the Government Securities Clearing Corporation ("GSCC") filed with the Securities and Exchange Commission ("Commission"), and on February 11, 1999, amended¹ the proposed rule change (File No. SR-GSCC-99-01) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").² Notice of the proposed rule change was published in the

Federal Register on February 17, 1999.³ The Commission received one comment letter in response to the proposed rule change.⁴ For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

The GCF Repo service allows GSCC members that are not interdealer brokers to trade general collateral repos involving U.S. Government securities throughout the day without requiring trade for trade settlement on a delivery versus payment ("DVP") basis.⁵ This change expands GSCC's GCF Repo service to allow participating dealers to engage in GCF Repo trading with participating dealers that use different clearing banks.⁶

Currently, not all of GSCC's dealer members clear at the same bank. As a result of free and unrestricted trading among all GSCC members, on any particular business day net securities and cash positions with respect to GFC Repo transactions will most likely not balance within each GFC Repo clearing bank. That is, the net securities borrowed position will not match the net securities loaned position across dealers intrabank.

GSCC has been discussing with the staff of the Federal Reserve Bank of New York ("FRBNY") and the Board of Governors of the Federal Reserve System ("Board of Governors") the possibility of reopening the securities Fedwire for a brief period of time after the normal 3:30 p.m. close to accomplish after-hours DVP movement of securities between the GFC Repo clearing banks. However, GSCC understands that an after-hours DVP window cannot be established until FRBNY completes its Year 2000 systems changes and the Board of Governors issues a proposal for public comment to help determine if establishing such a window is in the public interest.

As a result, GSCC and its two clearing banks, The Bank of New York ("BONY") and The Chase Manhattan Bank ("Chase"), have agreed to establish a mechanism to permit after-hours

movements of cash and securities between the two clearing banks. Each clearing bank will establish a special clearance account in the name of GSCC to be used exclusively to effect this after-hour movement of securities. At the end of each business day, GSCC will establish the net GCF Repo settlement position and collateral allocation obligation or entitlement for each participating dealer with respect to each generic CUSIP number, and each clearing bank will make all possible internal cash and securities GCF Repo deliveries between GSCC and the dealers that clear at that bank. At this stage, the dealers that clear through one of the two banks will be in an aggregate net funds borrower position and aggregate net short securities position. The dealers that clear through the other bank will be in an aggregate net funds lender position and aggregate net long securities position.

GSCC will establish on its own books and records two "securities accounts" as defined in Article 8 of the New York Uniform Commercial Code ("NYUCC"): one in the name of Chase and one in the name of BONY. The Chase securities account will be comprised of the securities in GSCC's special clearance account maintained by BONY, and the BONY securities account will be comprised of the securities in GSCC's special clearance account maintained by Chase. GSCC will appoint Chase as its agent to maintain GSCC's books and records with respect to the BONY securities account, and GSCC will appoint BONY as its agent to maintain GSCC's books and records with respect to the Chase securities account.

The securities accounts will enable the bank that is in the net long securities position to receive securities after the close of the securities Fedwire. Once the bank has received the securities, it will credit them by book-entry movement to a GSCC account and then to the dealers that clear at that bank that are net long securities. The establishment of the securities accounts by GSCC also will give each clearing bank a "securities entitlement" under Article 8 of the NYUCC and the comfort of relying on GSCC as its "securities intermediary" as defined in Article 8 of the NYUCC.

As an example, assume that after all intrabank cash and securities movements, the dealers that clear through Chase are in an aggregate net funds borrow/short securities position and the dealers that clear through BONY are in an aggregate net funds lender/long securities position. GSCC will then instruct Chase to allocate to the special GSCC clearance account at Chase securities in an amount equal to the net

³ Securities Exchange Act Release No. 41022 (February 5, 1999), 64 FR 7932.

⁴ Letter from Scott C. Rankin, Assistant General Counsel, The Bond Market Association (March 10, 1999).

⁵ For a detailed description of the GCF Repo Service, refer to Securities Exchange Act Release No. 40623 (October 30, 1998) 63 FR 59831 (November 5, 1998) [File No. SR-GSCC-98-02] (order approving proposed rule).

⁶ Currently, there are two banks approved by GSCC to provide GCF Repo settlement services. In the future, other banks that GSCC in its sole discretion determines to have met its operational requirements may be approved to provide GCF Repo settlement services.

¹ The February 11, 1999, amendment represents a technical amendment to the proposed rule change and as such does not require republication of notice.

² 15 U.S.C. 78s(b)(1).