

Fund under the proposed investment will be excluded from the net assets of the Fund in the calculation of the management fee. As this waiver relates to the Manager's fee schedule, any Fund assets invested in the Partnership will be excluded from the Fund's assets before any fee calculation is made; thus, the Fund's aggregate net assets will be adjusted by the amount invested in the Partnership prior to determining the fee based on the Manager's fee schedule (the amount waived pursuant to this procedure is the "Reduction Amount" for purposes of condition no. 4, below). In addition, the Manager will credit against any future management fees payable to it in conjunction with the management of Fund assets other than those represented by the Partnership interests under the proposed investment, any amount of retroactive management fees, including any other amounts directly related to the retroactive management fees, payable to it from the first closing date that the Fund is admitted to the Partnership. The credit shall be applied to the management fee paid by the Fund for management of its assets after exclusion of the Fund's assets represented by its Partnership interests.

2. Any fees payable by the Fund to the Manager so excluded in connection with the proposed investment, as described in the application, will be excluded for all time, and will not be subject to recoupment by the Manager or by any other investment adviser at any other time.

3. The Fund's proposed investment in the Partnership will be no more than U.S. \$95 million.

4. If the Manager waives any portion of its fees or bears any portion of its expenses in respect of the Fund (an "Expense Waiver"), the adjusted fees for the Fund (gross fees minus Expense Waiver) will be calculated without reference to the Reduction Amount. If the Reduction Amount exceeds adjusted fees, the Manager will reimburse the Fund in an amount equal to such excess.

5. The Fund's proposed investment in the Partnership will not be subject to a sales load, redemption fee, distribution fee analogous to those adopted in accordance with rule 12b-1 by an investment company registered under the Act, or service fee (analogous to that defined in rule 2830(b)(9) of the Conduct Rules of the National Association of Securities Dealers, Inc.).

6. The Fund's proposed investment in the Partnership will be in accordance with the Fund's investment restrictions and will be consistent with its policies as recited in its registration statement.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-14874 Filed 6-10-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23860; 812-10756]

### WEBS Index Fund, Inc., et al.; Notice of Application

June 7, 1999.

**AGENCY:** Securities and Exchange Commission ("Commission" or "SEC").

**ACTION:** Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 2(a)(32), 5(a)(1), 22(d), and 22(e) of the Act and rule 22c-1 under the Act, and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (2) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit an open-end management investment company, whose portfolios will consist of the component securities of certain indices, to issue shares of limited redeemability; permit secondary market transactions in the shares of the portfolios at negotiated prices on the American Stock Exchange LLC (the "AMEX"); permit affiliated persons of the portfolios to deposit securities into, and receive securities from, the portfolios in connection with the purchase and redemption of aggregations of the portfolios' shares; and permit certain portfolios to pay redemption proceeds more than seven days after the tender of shares of the portfolios for redemption.

**APPLICANTS:** WEBS Index Fund, Inc. (the "Fund"), Barclays Global Fund Advisors (the "Adviser"), and Funds Distributor, Inc. (the "Distributor").

**FILING DATES:** The application was filed on August 14, 1997. Applicants have agreed to file an amendment, the substance of which is reflected in this notice, during the notice period.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 2, 1999, and should be accompanied by

proof of service on applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549-0609. Applicants, WEBS Index Fund, Inc., 400 Bellevue Parkway, Wilmington, Delaware 19809, Attn: Gary M. Gardner, Esq., Asst. Secretary.

**FOR FURTHER INFORMATION CONTACT:** Timothy Kane, Senior Counsel, at (202) 942-0615, or Mary Kay Frech, 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 SEC's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549-0102 (tel. (202) 942-8090).

### Applicants' Representations

1. The Fund is an open-end management investment company incorporated in the State of Maryland and registered under the Act. The Adviser, an investment adviser registered under the Investment Advisers Act of 1940, serves as investment adviser to the Fund. The Distributor, a broker registered under the Securities Exchange Act of 1934 (the "Exchange Act") and a member of the National Association of Securities Dealers, Inc., serves as the principal underwriter of the Fund's shares on an agency basis.

2. Currently, the Fund has 17 series operating and now proposes to establish 11 new series (each such new series, a "WEBS Index Series"). Each WEBS Index Series will invest in a portfolio of equity securities ("Portfolio Securities") generally consisting of component securities of a specified securities index compiled by Morgan Stanley Capital International Inc. (collectively, the "MSCI Indices").<sup>1</sup> The eleven proposed WEBS Index Series are the Brazil WEBS Index Series, the Indonesia (Free) WEBS Index Series,<sup>2</sup> the South Korea WEBS Index

<sup>1</sup> Each of the MSCI Indices is calculated by Morgan Stanley Capital International Inc. ("MSCI"). The trade price of the WEBS of each WEBS Index Series, as traded on the AMEX, will be disseminated over the facilities of the Consolidated Tape Association.

<sup>2</sup> MSCI calculates two indices in some countries in order to address the issue of restrictions on foreign ownership in such countries. The additional indices are called "Free" indices, and they include

Series, the Portugal WEBS Index Series, the Taiwan WEBS Index Series, the Thailand (Free) WEBS Index Series, the Turkey WEBS Index Series, the South Africa WEBS Index Series, the United States WEBS Index Series, and the EMU WEBS Index Series.

3. The investment objective of each WEBS Index Series will be to provide investment results that correspond generally to the price and yield performance of publicly traded securities in the markets that are represented by the particular MSCI Index. Each WEBS Index Series will be passively managed by the Adviser with the assistance of, among other things, computer analytics designed to help the Adviser select securities that will provide the returns of the relevant MSCI Index. A WEBS Index series generally will not hold all of the issues that comprise the subject MSCI Index. Instead, each WEBS Index Series will attempt to hold a representative sample of the securities in the subject index, which will be selected by the Adviser using quantitative analytical models in a technique known as "portfolio sampling."<sup>3</sup> Using portfolio sampling, a WEBS Index Series will normally not replicate exactly the particular index. The Adviser expects that, over time, the "expected tracking error" of a WEBS Index Series relative to the performance of its corresponding index will be less than 5 percent.<sup>4</sup>

4. Shares of a WEBS Index Series ("WEBS") will be sold in aggregations of 50,000 to 500,000 shares ("Creation Units") depending on the WEBS Index Series. The price of a Creation Unit will be approximately \$450,000 to \$10,000,000 (based on the range of values of the Portfolio Securities of each WEBS Index Series as of April 30, 1999).

5. Creation Units may be purchased only by or through a Depository Trust Company ("DTC") participant that has entered into an authorized participant

agreement with the fund and the Distributor ("Authorized Participant"). WEBS generally will be issued in exchange for an in-kind deposit of securities and cash. The Fund also may sell WEBS on a "cash only" basis or permit a cash purchase option. An investor wishing to make an in-kind purchase of a Creation Unit from a WEBS Index Series will have to transfer to the Fund a "Portfolio Deposit" consisting of: (i) a portfolio of securities that has been selected by the Adviser to correspond to the returns on the relevant MSCI Index ("Deposit Securities"),<sup>5</sup> (ii) a cash payment equal per Creation Unit to the dividends accrued on the Portfolio Securities of the WEBS Index Series since the last dividend payment on the Portfolio Securities, net of expenses and liabilities (the "Dividend Equivalent Payment"), and (iii) a cash payment or credit to equalize any differences between (a) the sum of the market value per Creation Unit of the Deposit Securities and the Dividend Equivalent Payment and (b) the net asset value ("NAV") per Creation Unit of the WEBS Index Series (the "Balancing Amount") and, together with the Dividend Equivalent Payment, the "Cash Component").<sup>6</sup> Cash purchases of Creation Units will be made in the same manner as in-kind purchases except that an investor must pay the cash equivalent of the Deposit Securities. An investor purchasing a Creation Unit from a WEBS Index Series will be charged a purchase fee ("Transaction Fee") to prevent the dilution of the interests of the remaining shareholders

<sup>5</sup> The identity and number of shares of the Deposit Securities required for each WEBS Index Series will change as rebalancing adjustments and corporate events are reflected from time to time by the Adviser. The composition of the Deposit Securities may also change in response to adjustments to the weighting or composition of the securities constituting an MSCI Index. The Fund may permit or require the substitution of an amount of cash for any Deposit Security that is unavailable in sufficient quantity or for other reasons.

<sup>6</sup> On each business day, the Adviser will make available through the Distributor, immediately prior to the opening of trading on the AMEX, the list of the names and the required number of shares of each Deposit Security for each WEBS Index Series that permits in-kind purchases of Creation Units. The Portfolio Deposit will be applicable to purchases of Creation Units until a change in the Portfolio Deposit composition is next announced. In addition, the Fund will make available on each business day the Dividend Equivalent Payment effective through and including the previous business day, per outstanding WEBS of each WEBS Index Series, and the AMEX will make available throughout the trading day, the sum of the Dividend Equivalent Payment effective through and including the close of the previous trading session in the relevant securities market, plus the current value of the Deposit Securities as in effect on such day reflected in U.S. dollars at the prevailing exchange rate.

resulting from the WEBS Index Series incurring costs in connection with the purchase of the Creation Units.<sup>7</sup> Each WEBS Index Series will disclose in its prospectus the Transaction Fees charged by the WEBS Index Series for both in-kind and cash purchases of Creation Units.

6. Orders to purchase Creation Units will be placed with the Distributor who will be responsible for transmitting the orders to the Fund. The Distributor will issue confirmations of acceptance, issue delivery instructions to the WEBS Index Series to implement the delivery of Creation Units, and maintain records of the orders and the confirmations. The Distributors also will be responsible for delivering prospectuses to purchasers of Creation Units.

7. Persons purchasing Creation Unit-size aggregations of WEBS from a WEBS Index Series may hold the WEBS or sell some or all of them in the secondary market. WEBS will be listed on the AMEX and traded in the secondary market in the same manner as other equity securities. One or more AMEX specialists will be assigned to make a market in WEBS. The price of WEBS traded on the AMEX will be based on a current bid/offer market, and each WEBS is expected to have a market value of less than \$50 (based on the value of the Portfolio Securities of each WEBS Index Series as of April 30, 1999). Transactions involving the sale of WEBS in the secondary market will be subject to customary brokerage commissions and charges. Applicants expect that the price at which WEBS trade will be disciplined by arbitrage opportunities by the ability to continually purchase or redeem Creation Units at their NAV, which should ensure that WEBS will not trade at a material discount or premium in relation to their NAV.

8. Applicants expect that purchasers of Creation Units will include institutional investors and arbitrageurs (which could include institutional investors). The AMEX specialist, in providing for a fair and orderly secondary market, for WEBS, also may purchase WEBS for use in its market-making activities on the AMEX. Applicants expect that secondary market purchasers of WEBS will include both institutional and retail investors.<sup>8</sup>

<sup>7</sup> To offset the Fund's brokerage and other transaction costs associated with using cash to purchase the requisite Deposit Securities, the investor will be required to pay a fixed purchase fee plus an additional variable charge expressed as a percentage of the Portfolio Deposit's NAV.

<sup>8</sup> WEBS will be registered in book-entry form only. DTC or its nominee will be the registered

only companies and share classes which foreigners may purchase.

<sup>3</sup> Under this technique, each stock in a benchmark index will be considered for inclusion in the portfolio of a WEBS Index Series based on its contribution to certain capitalization, industry, and fundamental investment characteristics. Subject to the need to comply with the diversification and other requirements of the Internal Revenue Code and other restrictions on portfolio management, the Adviser will seek to construct the portfolio of each WEBS Index Series so that, in the aggregate, its capitalization, industry, and fundamental investment characteristics perform like those of the subject MSCI Index. Certain WEBS Index Series may invest in securities that are not in its benchmark index to a limited extent.

<sup>4</sup> The tracking error will generally be greater for WEBS Index Series that have corresponding indices with fewer component stocks.

9. WEBS will not be individually redeemable. WEBS will only be redeemable in Creation Unit-size aggregations through each WEBS Index Series. To redeem an investor will have to accumulate enough WEBS to constitute a Creation Unit. An investor redeeming a Creation Unit generally will receive a portfolio of securities generally consisting of the Deposit Securities in effect on the date the redemption request is received, together with a "Cash Redemption Payment" consisting of an amount identical to the amount of the Cash Component and equal to a proportional amount of the Dividend Equivalent Payment, plus or minus the Balancing Amount. An investor may receive the cash equivalent of a Portfolio Security (i) if neither the investor nor the Authorized Participant acting in its behalf may take delivery of the Portfolio Security in the applicable jurisdiction, (ii) if it is not possible to make deliveries of the Portfolio Security in the jurisdiction, or (iii) in certain other circumstances.<sup>9</sup> A redeeming investor will pay a Transaction Fee to offset the fund's transaction costs, whether the redemption proceeds are in-kind or cash. An additional variable charge, expressed as a percentage of the redemption proceeds, will be made for cash redemptions.

10. Because each WEBS Index Series generally will redeem Creation Units in-kind, a WEBS Index Series will not have to maintain large cash reserves for redemptions. Even when a WEBS Index Series will require or allow cash redemptions, the WEBS Index Series will liquidate Portfolio Securities or utilize temporary bank borrowings in order to obtain the necessary cash. This will allow the assets of each WEBS Index Series to be committed as fully as possible to tracking its MSCI Index. Accordingly, applicants state that each WEBS Index Series will be able to track its MSCI Index more closely than certain other investment products that must allocate a greater portion of their assets to reserves for cash redemptions.

11. Applicants state that no WEBS Index Series will be marketed or otherwise held out as a "mutual fund." All marketing materials will refer to a WEBS Index Series as an "investment company" without reference to an "open-end fund" or "mutual fund."

owner of all outstanding WEBS. Records reflecting the beneficial owners of WEBS will be maintained by DTC or its participants.

<sup>9</sup>The Fund has a policy to permit residents of New Zealand and Australia to redeem Creation Units solely for cash because residents of those countries are subject to unfavorable tax consequences if they are eligible to receive in-kind redemption proceeds from the Fund.

Any advertising material where features of obtaining, buying or selling Creation Unit aggregations of WEBS are described, or where there is a reference to redeemability, will prominently disclose that WEBS are not redeemable and that owners of WEBS may acquire and tender WEBS for redemption to the Fund in Creation Unit aggregations only. The same type of disclosure will be provided in each WEBS Index Series' prospectus, statement of additional information ("SAI"), marketing or advertising materials published under rule 482 under the Securities Act of 1933 ("Securities Act"), and all reports to shareholders.<sup>10</sup> The Fund will provide copies of its annual and semi-annual shareholder reports to DTC participants for distribution to beneficial holders of WEBS.

#### Applicants' Legal Analysis

1. Applicants request an order under section 6(c) of the Act granting an exemption from sections 2(a)(32), 5(a)(1), 22(d), and 22(e) of the Act and rule 22c-1 under the Act; and under sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a) (1) and (2) of the Act.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction, or any class of persons, securities, or transactions, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

#### Sections 5(a)(1) and 2(a)(32) of the Act

3. Section 5(a)(1) of the Act defines an "open-end company" as a management

<sup>10</sup> Applicants state that persons purchasing Creation Units will be cautioned in the prospectus or SAI that some activities on their part may, depending on the circumstances, result in their being deemed statutory underwriters and subject them to the prospectus delivery and liability provisions of the Securities Act. For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it takes Creation Units after placing an order with the Distributor, breaks them down into the constituent WEBS, and sells WEBS directly to its customers; or if it chooses to couple the creation of a supply of new WEBS with an active selling effort involving solicitation of secondary market demand for WEBS. The prospectus will state that whether a person is an underwriter depends upon all the facts and circumstances pertaining to that person's activities. The prospectus or SAI also will state that broker-dealer firms should note that dealers who are not "underwriters" but are effecting transactions in WEBS, whether or not participating in a distribution of WEBS, are generally required to deliver a prospectus because the prospectus delivery exemption in section 4(3) of the Securities Act is not available to such transactions under section 24(d) of the Act.

investment company that is offering for sale or has outstanding any redeemable security of which it is the issuer. Section 2(a)(32) of the Act defines a redeemable security as any security, other than short-term paper, under the terms of which the holder, upon its presentation to the issuer, is entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent. Because WEBS will not be individually redeemable, applicants request an order under section 6(c) of the Act that would permit the Fund to register and operate as an open-end management investment company and issue WEBS that are redeemable in Creation Unit aggregations. Applicants state that investors may purchase WEBS in Creation Units from each WEBS Index Series and redeem Creation Units through each WEBS Index Series. Applicants further state that because the market price of Creation Units will be disciplined by arbitrage opportunities, investors generally should be able to sell WEBS in the secondary market at approximately their NAV.

#### Section 22(d) of the Act and Rule 22c-1 Under the Act

4. Section 22(d) of the Act, among other things, prohibits a dealer from selling a redeemable security that is being currently offered to the public by or through an underwriter, except at a current public offering price described in the prospectus. Rule 22c-1 under the Act generally requires that a dealer selling, redeeming, or repurchasing a redeemable security do so only at a price based on its NAV. Applicants state that secondary market trading in WEBS will take place at negotiated prices, not at a current offering price described in the prospectus, and not at a price based on NAV. Thus, purchases and sales of WEBS in the secondary market will not comply with section 22(d) and rule 22c-1. Applicants request an exemption under section 6(c) of the Act from these provisions.

5. Applicants assert that the concerns sought to be addressed by section 22(d) of the Act and rule 22c-1 under the Act with respect to pricing are equally satisfied by the proposed method of pricing WEBS. Applicants maintain while there is little legislation history regarding section 22(d), its provisions, as well as those of rule 22c-1, appear to have been designed to (i) prevent dilution caused by certain riskless-trading schemes by principal underwriters and contract dealers, (ii) prevent unjust discrimination or preferential treatment among buyers resulting from sales at different prices,

and (iii) assure an orderly distribution of investment company shares by eliminating price competition from dealers offering shares at less than the published sales price and repurchasing shares at more than the published redemption price.

6. Applicants believe that none of these purposes will be thwarted by permitting WEBS to trade in the secondary market at negotiated prices. Applicants state (i) that secondary market trading in WEBS would not cause dilution for owners of WEBS because such transactions do not directly involve Fund assets, and (ii) to the extent different prices exist during a given trading day, or from day to day, these variances will occur as a result of third-party market forces, such as supply and demand. Therefore, applicants assert that secondary market transactions in WEBS will not lead to discrimination or preferential treatment among purchasers. Finally, applicants contend that the proposed distribution system will be orderly because arbitrage activity will ensure that the difference between the market price of WEBS and their NAV generally remains narrow.

#### *Section 22(e) of the Act*

7. Section 22(e) of the Act generally prohibits a registered investment company from suspending the right of redemption or postponing the date of payment of redemption proceeds for more than seven days after the tender of a security for redemption. Applicants state that local market delivery cycles for transferring Portfolio Securities to redeeming investors, together with local market holiday schedules, will require a delivery process in excess of seven calendar days for some WEBS Index Series in certain circumstances during the calendar year. Applicants request relief under section 6(c) from section 22(e) so that certain of the WEBS Index Series may pay redemption proceeds up to twelve calendar days after the tender of WEBS for redemption.<sup>11</sup> Except as

<sup>11</sup> Specifically, applicants request that the (i) Brazil WEBS Index Series be permitted to make redemption payments up to ten calendar days after the tender of a Creation Unit for redemption, (ii) Indonesia (Free) WEBS Index Series be permitted to pay redemption proceeds up to twelve calendar days after the tender of a Creation Unit for redemption, (iii) South Korea WEBS Index Series be permitted to pay redemption proceeds up to ten calendar days after the tender of a Creation Unit for redemption, (iv) Taiwan WEBS Index Series be permitted to pay redemption proceeds up to eleven calendar days after tender of a Creation Unit for redemption, (v) Thailand (Free) WEBS Index Series be permitted to pay redemption proceeds up to ten calendar days after tender of a Creation Unit for redemption, (vi) Turkey WEBS Index Series be permitted to pay redemption proceeds up to ten calendar days after tender of a Creation Unit for

otherwise subsequently disclosed in the prospectus or SAI for the relevant WEBS Index Series, applicants expect, however, that these WEBS Index Series will be able to deliver redemption proceeds within seven days at all other times.<sup>12</sup>

8. The principal reason for the requested exemption is that settlement of redemptions for the WEBS Index Series is contingent not only on the settlement cycle of the United States market but also on the currently practicable delivery cycles in the local markets for the underlying foreign securities of each WEBS Index Series. Applicants believe that the Fund will be able to comply with the delivery requirement of section 22(e) except where the holiday schedule applicable to the specific foreign market will not permit delivery of redemption proceeds within seven calendar days.

9. Applicants state that section 22(e) of the Act was designed to prevent unreasonable, undisclosed, and unforeseen delays in the payment of redemption proceeds. Applicants assert that their requested relief will not lead to the problems section 22(e) was designed to prevent. Delays in the payment of WEBS redemption proceeds will occur principally due to local holidays. Applicants state that the local holidays relevant to each WEBS Index Series (for the following year) will be listed in the series' prospectus or SAI or both, and these disclosure documents will identify instances in such year when, due to such holidays, more than seven days will be needed to deliver redemption proceeds.

#### *Section 17(a) of the Act*

10. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such person, from selling any security to or purchasing any security from the company. Because purchases and redemptions of Creation Units may be "in-kind" rather than cash transactions, section 17(a) may prohibit affiliated persons of a WEBS Index Series from purchasing or redeeming Creation Units in-kind. Because the definition of "affiliated person" of another person in section 2(a)(3) of the

redemption, and (vii) EMU WEBS Index Series be permitted to pay redemption proceeds up to twelve calendar days after tender of a Creation Unit for redemption. Applicants do not request relief from section 22(e) with respect to the other four WEBS Index Series.

<sup>12</sup> Applicants acknowledge that no relief obtained from the requirements of section 22(e) will affect any obligations applicants may otherwise have under rule 15c6-1 under the Exchange Act. Rule 15c6-1 requires that most securities transactions be settled within three business days of the trade date.

Act includes any person owning five percent or more of an issuer's outstanding voting securities, every purchaser of a Creation Unit will be affiliated with the WEBS Index Series so long as fewer than twenty Creation Units are extant. Applicants request an exemption from section 17(a) under sections 6(c) and 17(b), to permit affiliated persons of the WEBS Index Series to purchase and redeem Creation Units.

11. Section 17(b) authorizes the Commission to exempt a proposed transaction from section 17(a) if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching, and the proposed transaction is consistent with the policies of the registered investment company and the general provisions of the Act. Applicants contend that no useful purpose would be served by prohibiting affiliated persons of the WEBS Index Series described above from purchasing or redeeming Creation Units. The composition of a Portfolio Deposit made by a purchaser or given to a redeeming investor will be the same regardless of the investor's identity, and will be valued under the same objective standards applied to valuing the Portfolio Securities. Therefore, applicants state that in-kind purchases and redemptions will afford no opportunity for an affiliated person of a WEBS Index Series to effect a transaction detrimental to the other holders of WEBS. Applicants also believe that in-kind purchases and redemptions will not result in abusive self-dealing or overreaching by affiliated persons of the WEBS Index Series.

#### **Applicants' Conditions**

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

1. Applicants will not register a new WEBS Index Series of the Fund, whether identical or similar to a WEBS Index Series, by means of filing a post-effective amendment to the Fund's registration statement or by any other means, unless applicants have requested and received with respect to such new series, either exemptive relief from the Commission or a no-action letter from the Division of Investment Management of the Commission.

2. Each WEBS Index Series' prospectus will clearly disclose that, for purposes of the Act, WEBS are issued by the WEBS Index Series and that the acquisition of WEBS by investment companies is subject to the restrictions of section 12(d)(1) of the Act.

3. As long as the Fund operates in reliance on the requested order, the WEBS will be listed on a national securities exchange.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-14873 Filed 6-10-99; 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 meetings during the week of June 14, 1999.

An open meeting will be held on Monday, June 14, 1999, at 10:00 a.m., in Room 1C30.

Closed meetings will be held on Monday, June 14, 1999, following the 10:00 a.m. open meeting and on Thursday, June 17, 1999, at 11:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meetings. 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 meetings.

Commissioner Unger, as duty officer, voted to consider the items listed for the closed meetings in a closed session.

The subject matter of the open meeting scheduled for Monday, June 14, 1999, at 10:00 a.m., will be:

The Commission will hear oral argument on appeal by the Division of Enforcement from an administrative law judge's initial decision. For further information, please contact Joan L. Loizeaux at (202) 942-0950.

The subject matter of the closed meeting scheduled for Monday, June 14, 1999, following the 10:00 a.m. open meeting, will be:

Post oral argument discussion.

The subject matter of the closed meeting scheduled for Thursday, June 17, 1999, at 11:00 a.m., will be:

Institution of injunctive actions.

Settlement of injunctive actions.

Institution of administrative proceedings of an enforcement nature.

Settlement of administrative proceedings of an enforcement nature.

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: June 7, 1999.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-15056 Filed 6-9-99; 3:46 pm]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41475; File No. SR-CBOE-99-22]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to the Market-Maker Surcharge Fee Schedule

June 3, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup>

notice is hereby given that on May 27, 1999, 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 and below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The CBOE is proposing to make changes to its fee schedule pursuant to CBOE Rule 2.40, *Market-Maker Surcharge for Brokerage*.<sup>3</sup>

### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments its received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

Pursuant to CBOE Rule 2.40, the Equity Floor Procedure Committee ("Committee") approved the following fees for the following option classes:

Option class	Market-maker surcharge (per contract)	Order book official brokerage rate (per contract) <sup>4</sup>
Level Three (QHN) .....	4)\$0.08	\$0.00
Disney (DIS) .....	0.08	0.00
Echostar Communications (QHS) .....	0.15	0.00
Terayon Communications (TUN) .....	0.11	0.00
Manugistics Group, Inc. (ZUQ) .....	0.17	0.00
Taiwan Semiconductor (TSM) .....	0.03	0.00
Veeco Instruments, Inc. (QVC) .....	0.12	0.00
Airtran Holdings, Inc. (VJQ) .....	0.25	0.00

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 41121 (February 26, 1999), 64 FR 11523 (March 9, 1999) (order approving CBOE Rule 2.40).

<sup>4</sup> The surcharge will be used to reimburse the Exchange for the reduction in the Order Book

Official brokerage rate from \$0.20 in the relevant option classes. Any remaining funds will be paid to Stationary Floor Brokers as provided in Exchange Rule 2.40.