

About New or Revised Pension Plan), and G-88r.1 (Request for Additional Information about Employer Pension Plan in Case of Change of Employer Status or Termination of Pension Plan), to obtain the necessary information from

railroad employers. One response is requested of each respondent. Completion is mandatory. Minor non-burden impacting changes are being proposed to all of the forms in the collection.

### Estimate of Annual Respondent Burden

The estimated annual respondent burden is as follows:

Form Nos.	Annual responses	Time (Min)	Burden (Hrs)
G-88p .....	2,200	8	293
G-88r .....	25	10	4
G-88r.1 .....	15	10	3
Total .....	2,240	.....	300

**FOR FURTHER INFORMATION CONTACT:** To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

**Chuck Mierzwa,**  
Clearance Officer.

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## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23872; 812-10636]

### J.P. Morgan Series Trust and J.P. Investment Management Inc.; Notice of Application

June 16, 1999.

**AGENCY:** Securities and Exchange Commission (the "Commission").

**ACTION:** Notice of application for an exemption under sections 6(c) and 17(b) the Investment Company Act of 1940 (the "Act") from section 17(a) of the Act.

*Summary of Application:* Applicants seek an order to permit redemptions in-kind of shares of certain registered open-end management investment companies by certain affiliated shareholders.

*Applicants:* J.P. Morgan Series Trust (the "Trust") and J.P. Morgan Investment Management Inc. (the "Adviser").

*Filing Dates:* The application was filed on April 28, 1997, and amended on March 29, 1999 and May 20, 1999.

*Hearing or Notification of Hearing:* An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request

a hearing by writing to the Commission's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on July 12, 1999 and should be accompanied by proof of service on applicant, 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 Commission's Secretary.

**ADDRESSES:** Secretary, Commission, 450 5th Street, NW., Washington, DC 20549-0609. Applicants, 60 State Street, Boston, Massachusetts 02109.

**FOR FURTHER INFORMATION CONTACT:** Lawrence W. Pisto Senior Counsel, at (202) 942-0527, or Nadya B. Roytblat, Assistant Director, 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 at the Commission's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549-0102 (tel. (202) 942-8090).

### Applicants' Representations

1. The Trust, a Massachusetts business trust, is an open-end management investment company registered under the Act, and currently consists of seven series (the "Funds"). The Adviser, a wholly-owned subsidiary of J.P. Morgan & Co. Incorporated, is registered under the Investment Advisers Act of 1940, and serves as the investment adviser to the Funds.

2. Applicants request relief to permit the Funds to satisfy redemption requests made by shareholders who are "affiliated persons" of the Funds solely by reason of owning, controlling or holding with the power to vote, five

percent or more of a Fund's shares ("Covered Shareholders") by distributing portfolio securities in-kind. The relief sought would not extend to shareholders who are "affiliated persons" of a Fund within the meaning of sections 2(a)(3)(B) through (F) of the Act.<sup>1</sup>

3. Each Fund's prospectus provides that redemption request generally will be paid in cash, but that the Fund reserves the right to pay redemption requests greater than \$250,000 in whole or in part in-kind. The board of trustees of the Trust, including a majority of the trustees who are not "interested persons" as defined in section 2(a)(19) of the Act ("Non-Interested Trustees"), have determined that it would be in the best interest of the Funds and their shareholders to pay to a Covered Shareholder the redemption price for shares of the Funds in-kind to the extent permitted by certain Funds' election to be governed by rule 18f-1 under the Act.

### Applicants' Legal Analysis

Section 17(a)(2) of the Act, in relevant part, makes it unlawful for an affiliated person of a registered investment company or an affiliated person of such a person, acting as principal, to knowingly "purchase" from such registered investment company any security or other property (except securities of which the seller is the issuer). Section 2(a)(3)(A) of the Act defines "affiliated person" to include any person owning 5% or more of the outstanding voting securities of such

<sup>1</sup> Applicants request that the relief also extend to all future registered open-end management investment companies and their series for which the Adviser or any person controlling, controlled by, or under common control with the Adviser serves as investment adviser. All registered open-end management investment companies that currently intend to rely on the requested order are named as applicants. Any existing or future registered open-end management investment company that relies on the order in the future will do so only in accordance with the terms and conditions contained in the application.

other person. Applicants state that to the extent that an in-kind redemption could be deemed to involve the purchase of portfolio securities (of which the affected Fund is not the issuer) by a Covered Shareholder, the proposed redemptions in-kind would be prohibited by section 17(a)(2).

2. Section 17(b) of the Act provides that, notwithstanding section 17(a), the Commission shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are fair and reasonable and do not involve overreaching; (b) the proposed transaction is consistent with the policy of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Section 6(c) of the Act provides, in part, that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction from any provisions of the Act, 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 provision of the Act.

4. Applicants request an order under sections 6(c) and 17(b) of the Act exempting them from the provisions of section 17(a) of the Act to permit Covered Shareholders to redeem their shares in-kind from the Funds. The requested order will not apply to redemptions by shareholders who are affiliated persons of a Fund within the meaning of sections 2(a)(3)(B) through (F) of the Act.

5. Applicants submit that the requested relief satisfies the requirements of sections 6(c) and 17(b). Applicants assert that neither an affected Fund nor the Covered Shareholder will have any choice as to the type of consideration to be received in connection with a redemption request, and neither the Adviser nor the Covered Shareholder will have any opportunity to select the specific portfolio securities to be distributed. Applicants further state that the portfolio securities to be distributed will be valued according to an objective, verifiable standard and that the in-kind redemptions are consistent with the investment policies of the Funds. Applicants also state that the proposed in-kind redemptions are consistent with the general purposes of the Act because the Covered Shareholder would not receive any advantage not available to other redeeming shareholders.

### Applicants' Conditions

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

1. The securities distributed to both Covered Shareholders and non-affiliated shareholders pursuant to a redemption in-kind (the "In-Kind Securities") will be limited to securities that are traded on a public securities market or for which quoted bid prices are available.

2. The In-Kind Securities will be distributed by each Fund on a *pro rata* basis after excluding: (a) securities which could not be publicly offered or sold in the United States without registration under the Securities Act of 1933; (b) certain portfolio positions (such as futures and options contracts and repurchase agreements) that, although they may be liquid and marketable, involve the assumption of contractual obligations, require special trading facilities or can only be traded with an institutional counterparty to the transaction; (c) cash equivalents (such as certificates of deposit, commercial paper and repurchase agreements); (d) other assets which are not readily distributable (including receivables and prepaid expenses); and (e) portfolio securities representing fractional shares, odd lot securities and accruals on such securities. Cash will be paid for the portion of the in-kind distribution represented by assets set forth in (a)-(e) less liabilities (including accounts payable).

3. The In-Kind Securities distributed to the Covered Shareholders will be valued in the same manner as they would be valued for purposes of computing each Fund's net asset value.

4. The Trust's Board, including a majority of the Non-Interested Trustees, will determine no less frequently than annually: (a) whether the In-Kind Securities, if any, have been distributed in accordance with conditions 1 and 2; (b) whether the In-Kind Securities, if any, have been valued in accordance with condition 3; and (c) whether the distribution of any such In-Kind Securities is consistent with the policies of each affected Fund as reflected in its prospectus. In addition, the Board will make and approve such changes in the procedures as it deems necessary for monitoring the Fund's compliance with the terms and conditions of this application.

5. Each Fund will maintain and preserve for a period of not less than six years from the end of the fiscal year in which a proposed in-kind redemption by a Covered Shareholder occurs, the first two years in an easily accessible place, a written record of each such

redemption setting forth the identity of the Covered Shareholder, a description of each security distributed in-kind, the terms of the in-kind distribution, and the information or materials upon which the valuation was made.

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

[Release No. 34-41526; File No. SR-CHX-99-02]

#### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by the Chicago Stock Exchange, Incorporated Relating to Membership Dues and Fees

June 15, 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 10, 1999, the Chicago Stock Exchange, Incorporated ("CHX" 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 May 28, 1999, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the CHX under section 19(b)(3)(A)(ii) of the Act,<sup>4</sup> which render the proposal effective upon filing with the Commission.<sup>5</sup> The Commission is publishing this notice to solicit

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

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

<sup>3</sup> Letter from Kathleen M. Boege ("Boege"), Associate General Counsel, Exchange to Joseph Morra ("Morra"), Attorney, Division of Market Regulation ("Division"), SEC, dated May 26, 1999 ("Amendment No. 1"). Amendment No. 1 corrected Section II(C) of the proposal, to acknowledge that the Exchange solicited input from firms that serve as CHX specialists for Nasdaq issues that are traded on the CHX pursuant to unlisted trading privileges, and that there was unanimous consent to the proposal by those firms. Amendment No. 1 was filed on May 28, 1999, following several interchanges between Division staff and Exchange staff. The Commission processed Amendment No. 1 on the same day. Consequently, the proposal is deemed to have been filed as of May 28, 1999.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>5</sup> The filing date of this proposed rule change is May 28, 1999. *see supra* footnote 3.