

outstanding voting securities, as defined in the Act, or, in the case of a new Fund whose public shareholders purchased shares on the basis of a prospectus containing the disclosure contemplated by condition 4 below, by the sole initial shareholder(s) before offering shares of such Fund to the public.

3. Within 90 days of the hiring of any Subadviser, the Manager will furnish shareholders of the affected Fund with all information about the Subadviser that would be included in a proxy statement. The Manager will meet this condition by providing shareholders with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and item 22 of Schedule 14A under the Securities Exchange Act of 1934.

4. The Trust will disclose in its prospectus the existence, substance and effect of any order granted pursuant to the application. In addition, each Fund will hold itself out to the public as employing the "manager of managers" approach described in the application. The prospectus will prominently disclose that the Manager has the ultimate responsibility for the investment performance of the Fund due to its responsibility to oversee Subadvisers and recommend their hiring, termination and replacement.

5. No director, trustee, or officer of the Trust or the Manager will own, directly or indirectly (other than through a pooled investment vehicle that is not controlled by any such director, trustee, or officer), any interest in a Subadviser except for: (a) ownership of interests in the Manager or any entity that controls, is controlled by, or under common control with the Manager, or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt securities of any publicly traded company that is either a Subadviser or controls, is controlled by, or is under common control with a Subadviser.

6. The Manager will not enter into Subadvisory Agreements on behalf of a Fund with any Affiliated Subadviser without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund.

7. At all times, a majority of the Board will be Independent Trustees, and the nomination of new or additional Independent Trustees will be placed within the discretion of the then-existing Independent Trustees.

8. When a change of Subadviser is proposed for a Fund with an Affiliated Subadviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected

in the minutes of meetings of the Board, that the change of Subadvisers is in the best interest of the Fund and its shareholders and does not involve a conflict of interest from which the Manager or Affiliated Subadviser derives an inappropriate advantage.

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 Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [63 FR 39916, July 24, 1998]

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, N.W., Washington, D.C.

DATE PREVIOUSLY ANNOUNCED: July 24, 1998.

CHANGE IN THE MEETING: Cancellation of Meeting.

The closed meeting scheduled for Friday, July 31, 1998, at 10:00 a.m., has been cancelled.

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 (202) 942-7070.

Dated: July 31, 1998.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40271; File No. SR-CHX-98-18]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Stock Exchange, Inc. Relating to the Exchange's Withdrawal of Capital Provisions

July 28, 1998.

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 June 26, 1998, the Chicago Stock Exchange, Inc.

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1994).

<sup>2</sup> 17 CFR 240.19b-4 (1997).

("CHX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the CHX. 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 Exchange proposes to amend Article II, Rule 6(b) of the Exchange's rules relating to the Exchange's Withdrawal of Capital provisions.

### 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 CHX included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CHX 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

The Exchange proposes to amend Article II, Rule 6(b) of the Exchange's rules in order to limit the applicability of the Exchange's Withdrawal of Capital provisions to member firms for which the Exchange is the Designated Examining Authority ("DEA"). The Exchange's Withdrawal of Capital provisions limit the ability of a partner in a member firm to withdraw capital from the firm. Currently, this requirement applies to both member firms for which the Exchange is the DEA as well as firms subject to examination by a self-regulatory organization ("SRO") other than the Exchange if the member's DEA does not have a comparable rule. The proposed rule change would eliminate this requirement for all firms for which the Exchange is not the DEA.

The Exchange does not believe that, given the current regulatory scheme, it is necessary to review and analyze the rules of other SROs to determine whether such rules are comparable to the Exchange's rule on this particular issue. All other SROs have rules that have been approved by the SEC and that