

approval by the end of the Interim Period, to the Fund.

3. Each Fund will promptly schedule a meeting of shareholders to vote on the approval of the New Advisory Agreements to be held during the Interim Period.

4. Warburg will pay the costs of preparing and filing the application, and Warburg and Credit Suisse will pay the costs relating to the solicitation and approval of the Funds' shareholders of the New Advisory Agreements.

5. The Advisers will take all appropriate actions to ensure that the scope and quality of advisory and other services provided to the Funds by the Advisers during the Interim Period will be at least equivalent, in the judgment of the respective Boards, including a majority of the directors who are not "interested persons" of the Funds, as defined in section 2(a)(19) of the Act ("Disinterested Directors"), to the scope and quality of services currently provided under the Existing Advisory Agreements. In the event of any material change in the personnel providing services pursuant to the New Advisory Agreements, the Advisers will apprise and consult with the relevant Fund's Board to ensure that the Boards, including a majority of the Disinterested Directors, are satisfied that the services provided will not be diminished in scope or quality.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41357; File No. SR-CBOE-99-06]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Options on the Dow Jones High Yield Select 10 Index and RAES Order Size

April 30, 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 February 10, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission")

the proposed rule change as described in Items I, II, and III 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 Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to increase the maximum size of orders on the Dow Jones High Yield Select 10 Index ("index"), from 20 to 100 contracts, eligible for entry into CBOE's Retail Automated Execution System ("RAES").

#### 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 propose 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 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

The purpose of the proposed rule change is to add an interpretation of Rule 6.8 to allow the appropriate Floor Procedure Committee ("FPC") to increase the maximum size of option orders on the Dow Jones High Yield Select 10 Index ("Index"), from 20 to 100 contracts, eligible for execution through RAES. The Exchange expects this change to enhance the depth and liquidity of the market for options on the Index.

In adopting the new RAES rule applicable to options on the Index, the appropriate FPC will have the discretion to set the eligible order size for RAES orders up to one hundred (100) contracts. The Exchange believes that expanding the eligible contract limit size for RAES will provide the benefits of more timely and cost-effective executions of customer orders to a greater number of orders than would be the case if no change were made; enhance information gathering through the audit trail; enhance fill reporting and price reporting; increase customer confidence; and reduce transactions that have to be executed manually on the trading floor thereby increasing the

efficiency in the handling of non-RAES orders.

CBOE believes that this proposed rule change will not impose any significant burdens on the operation, security, integrity, or capacity of RAES, but will increase the efficiency of Exchange operations.<sup>3</sup>

By expanding the maximum size of option orders on the Dow Jones High Yield Select 10 Index eligible for entry through RAES from 20 up to 100 contracts, the proposed rule will better serve the needs of the CBOE's public customers and Exchange members who make a market for such customers and is consistent with and furthers the objectives of Section 6(b)(5) of the Exchange Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

##### B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed rule change will impose any burden on competition.

##### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

#### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceeding to determine whether the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

<sup>3</sup> The SEC has approved increasing interest rate option orders up to 100 contracts on RAES, Release No. 34-38002 (December 5, 1996), 61 FR 65422 (December 12, 1996).

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

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

Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to File No. SR-CBOE-99-06 and should be submitted by June 1, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-41354; File No. SR-NYSE-99-16]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the New York Stock Exchange, Inc. Relating to Revisions to the Exchange's Floor Conduct and Safety Guidelines

April 30, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> ("Act"), and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 21, 1999, the New York Stock Exchange, Inc. ("NYSE" 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. The Exchange has designed this proposal as one which is concerned solely with the administration of the Exchange under Section 19(b)(3)(A)(iii) of the Act,<sup>3</sup> and Rule 19b-4(f)(3) thereunder,<sup>4</sup> which renders the proposal

effective upon filing with the Commission. 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 its Floor Conduct and Safety Guidelines ("Guidelines") to require terminated or transferred Floor employees or members to surrender their Exchange-issued identification card ("Floor badge") to the Exchange's Security Office within five business days of termination. In addition, the proposed rule would require that members and member organizations notify the Security Office of a member's or Floor employee's termination within 24 hours of the termination. The text of the proposed rule change is available at the Exchange and at the Commission.

#### 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 Exchange 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 Exchange 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 purpose of the Guidelines is to ensure that the behavior and practices of individuals on the Floor of the Exchange contribute to the efficient, uninterrupted conduct of business on the Floor and do not jeopardize the safety or welfare of others.

Exchange rules require all members and Floor employees of members and member organizations to be registered with, and qualified and approved by, the Exchange. When entering and while on the Floor, members and Floor employees of members and member organizations must display their Floor badge at all times.

Currently, Exchange policy requires that the Floor badges of terminated employees must be surrendered to the Exchange's Security Office or to the

Exchange's Floor Operations Support Department within five business days of termination of employment.

To ensure that only authorized members and Floor employees may gain access to the Floor (thereby strengthening overall security), the Guidelines will be revised to require that members and member organizations:

- Notify the Security Office of a member's or Floor employee's termination within 24 hours of the termination, and
- Submit the terminated member's or Floor employee's badge to the Security Office within five business days of termination.

The Guidelines will incorporate the requirement for 24-hour notice to and submission of Floor badges directly to the Security Office, with no option to submit badges to the Floor Operations Support Department.

The required 24-hour notification to the Security Office will enable Security staff to deactivate Floor badges electronically, immediately upon notification and prior to the badges actually being surrendered, thereby barring access to the Floor by terminated persons.

Members and member organizations who reassign members or Floor employees to non-Floor functions will be subject to this policy concerning surrender of the Floor badges. In addition to enhancing Floor security, this policy will provide a centralized and more efficient means for accountability of Floor badges.

Failure by members and member organizations to adhere to these Guidelines may result in the imposition of fines (in the amount of \$1000) in accordance with the Guidelines.

These proposed revisions to the Guidelines do not affect the existing structure of fines, penalties, and disciplinary actions contained in the Guidelines; nor do they affect the rights of members, member organizations and Floor employees of members and member organizations to appeal, pursuant to existing Exchange rules and procedures, any penalties that are imposed under the Guidelines.

###### 2. Statutory Basis

The proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act<sup>5</sup> which requires that the rules of the Exchange be designed to facilitate transactions in securities and remove impediments to and perfect the mechanism of a free and open market. The proposed rule change

<sup>4</sup> 17 CFR 200.30-3(a)(12).

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(3).

<sup>5</sup> 15 U.S.C. 78f(b)(5).