

6. The requested order will remain in effect only so long as the NYID Order remains in effect. If the NYID Order is amended or modified, applicants will not rely on the requested order without seeking assurance from the staff of the Division of Investment Management that the requested order will remain in effect.

7. No existing or future registered investment company will rely on the requested order until the company's board of directors/trustees, including a majority of the disinterested directors/trustees, has approved the company's participation in the transactions permitted under the order and has determined that such participation by the company is in the best interests of the company and its shareholders. The minutes of the meeting of the company's board of directors/trustees at which this determination is made will reflect the reasons for the director's/trustees' determination.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-26672 Filed 10-12-99; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24074; 812-11762]

### Van Eck/Chubb Funds, Inc. and Chubb Asset Managers, Inc.; Notice of Applicants

October 6, 1999.

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

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

**SUMMARY OF APPLICATION:** Applicants request an order to permit Van Eck/Chubb Growth and Income Fund, a series of Van Eck/Chubb Funds, Inc. ("Company"), to acquire the assets and liabilities of Van Eck/Chubb Capital Appreciation Fund, also a series of Van Eck/Chubb Funds, Inc. (the "Reorganization"). Because of certain affiliations, applicants may not rely on rule 17a-8 under the Act.

**APPLICANTS:** Company and Chubb Asset Managers, Inc. ("Adviser").

**FILING DATES:** The application was filed on August 27, 1999. Applicants have agreed to file an amendment to the application during the notice period, the

substance of which is reflected in this notice.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the requested relief 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 October 28, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Applicants: Company, 99 Park Avenue, New York, N.Y. 10016; Adviser, 15 Mountain View Road, Warren N.J. 07059.

**FOR FURTHER INFORMATION CONTACT:** Susan K. Pascocello, Senior Counsel, at (202) 942-0674, or Michael W. Mundt, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549-0102 (tel. 202-942-8090).

### Applicants' Representations

1. The Company, a Maryland corporation, is registered under the Act as an open-end management investment company. Van Eck/Chubb Capital Appreciation Fund ("Capital Appreciation Fund") and Van Eck/Chubb Growth and Income Fund ("Growth and Income Fund," together with Capital Appreciation Fund, the "Funds") are series of the Company. The Adviser, a Delaware corporation, serves as investment adviser to the Funds and is registered as an investment adviser under the Investment Advisers Act of 1940. The Adviser is a wholly-owned subsidiary of The Chubb Corporation ("Chubb"), which owned in excess of 25% of the outstanding shares of each Fund as of July 1999.

2. On May 13, 1999, the board of directors of the Company (the "Board"), including all of the directors who are not "interested persons," as defined in section 2(a)(19) of the Act ("Independent Directors"), unanimously

approved a plan of reorganization (the "Reorganization Plan") under which the Growth and Income Fund will acquire the assets and liabilities of the Capital Appreciation Fund in exchange for Growth and Income Fund shares. Each shareholder of the Capital Appreciation Fund will receive shares of the Growth and Income Fund having an aggregate net asset value equal to the aggregate net asset value of the capital Appreciation Fund's shares held by that shareholder, as determined at the close of the business day next preceding the closing date of the Reorganization, currently anticipated to occur on November 1, 1999. Portfolio securities of the Funds will be valued in accordance with the valuation procedures described in each Fund's current prospectus and statement of additional information. As soon as practicable after the closing date, Capital Appreciation Fund will liquidate and distribute *pro rata* to its shareholders the Growth and Income Fund shares. No sales charges will be imposed in connection with the Reorganization.

3. Applicants state that the investment objectives and policies of the Growth and Income Fund are similar to those of the Capital Appreciation Fund. The Funds each offer one class of shares sold with a maximum initial sales charge of 5.75% or with no sales charge for purchases that equal or exceed \$1,000,000. Shares of both funds are sold subject to similar distribution plans adopted pursuant to rule 12b-1 under the Act.

4. The Board, including all of the Independent Directors, determined that the Reorganization is in the best interests of each Fund, and that the interests of the existing shareholders of each Fund would not be diluted by the Reorganization. In assessing the Reorganization, the Board considered various factors, including: (a) The compatibility of each Fund's investment objective, policies and restrictions, and shareholder services; (b) the terms and conditions of the Reorganization; (c) the expense ratios of each Fund; (d) the tax-free nature of the Reorganization; and (e) potential economies of scale to be gained from the Reorganization. All Reorganization expenses will be borne by Capital Appreciation Fund, as determined by its Board.

5. The Reorganization is subject to a number of conditions, including that: (a) The Reorganization Plan is approved by the Board and the shareholders of Capital Appreciation Fund; (b) the Funds receive an opinion of counsel that the Reorganization will be tax-free; (c) applicants receive exemptive relief from the SEC as requested in the

application; (d) the Company declares and pays a dividend to the shareholders of Capital Appreciation Fund which distributes all of the Fund's taxable income for the taxable years ending at or prior to the closing; and (e) a registration statement on Form N-14 shall have been filed with the SEC and declared effective. The Reorganization Plan may be terminated by either Fund if its Board determines that circumstances have changed to make the Reorganization inadvisable.

Applicants agree not to make any material changes to the Reorganization Agreement without prior SEC approval.

6. A registration statement on Form N-14 was filed with the SEC on June 28, 1999, and became effective on August 11, 1999. Proxy solicitation materials were mailed to Capital Appreciation Fund shareholders on August 12, 1999, and definitive proxy materials have been filed with the SEC. A special meeting of Capital Appreciation Fund shareholders was held on August 27, 1999, at which the shareholders approved the Reorganization Plan.

#### Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by or under common control with the other person; and (d) if the other person is an investment company, any investment adviser of that company.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied. Applicants believe that they may not rely on rule 17a-8 in connection with the Reorganization because the Funds may be deemed to be affiliated by reasons other than those set forth in the rule. Applicants state that

Chubb, which owns the Adviser, owns more than 25% of the outstanding voting securities of each of the Funds.

3. Section 17(b) of the Act provides that the SEC may exempt a transaction from the provisions of section 17(a) if the evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

4. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) to the extent necessary to complete the Reorganization. Applicants submit that the Reorganization satisfies the standards of section 17(b) of the Act. Applicants believe that the terms of the Reorganization are fair and reasonable and do not involve overreaching. Applicants state that the Reorganization will be based on the Funds' relative net asset values. In addition, applicants state that the Board, including all of the Independent Directors, determined that the participation of each Fund in the Reorganization is in the best interests of each Fund and that such participation will not dilute the interests of shareholders of each Fund.

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

[Release No. 34-41977; File No. SR-CTA/CQ-99-01]

### Consolidated Tape Association; Order Granting Approval of Fourth Charges Amendment to the Second Restatement of the Consolidated Tape Association Plan and the Third Charges Amendment to the Restated Consolidated Quotation Plan

October 5, 1999.

#### I. Introduction

On June 14, 1999, the Consolidated Tape Association ("CTA") and the Consolidated Quotation ("CQ") Plan Participants ("Participants")<sup>1</sup> filed with

<sup>1</sup>The amendments were executed by each Participant in each of the Plans. The Participants include American Stock Exchange LLC, Boston Stock Exchange, Inc., Chicago Board Options

the Securities and Exchange Commission ("Commission" or "SEC") amendments to the Restated CTA Plan and CQ Plan pursuant to Section 11A(a)(3) of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 11Aa3-2 thereunder.<sup>3</sup> Notice of the proposed plan amendments appeared in the **Federal Register** on June 28, 1994.<sup>4</sup> The Commission received two comment letters in response to the proposal.<sup>5</sup> This order approves the proposed plan amendments.

## II. Description of the Proposal

### A. Nonprofessional Subscriber Service Rates

The participants under the Plans that make available Network A (NYSE-listed) last sale information and Network A quotation information impose on vendors a monthly fee of \$5.25 for each nonprofessional subscriber to whom the vendor provides a Network A market data display service. The proposed amendments will reduce that monthly fee from \$5.25 for each nonprofessional subscriber to (i) \$1.00 for each of the first 250,000 nonprofessional subscribers to whom a vendor provides a Network A display service during the month and (ii) \$.50 for each additional nonprofessional subscriber.

For the nonprofessional subscriber rates to apply to any of its subscribers (rather than the much higher professional subscriber rates), a vendor must make certain that the subscriber qualifies as a nonprofessional subscriber,<sup>6</sup> subject to the same criteria that have applied since 1983, when the Participants first established a reduced rate for nonprofessional subscribers. Only those nonprofessional subscribers

Exchange, Inc., Chicago Stock Exchange, Inc., Cincinnati Stock Exchange, Inc., National Association of Securities Dealers, Inc., New York Stock Exchange, Inc. ("NYSE"), Pacific Exchange, Inc., and Philadelphia Stock Exchange, Inc.

<sup>2</sup> 15 U.S.C. 78k-1(a)(3).

<sup>3</sup> 17 CFR 240.11Aa3-2.

<sup>4</sup> Securities Exchange Act Rel. No. 41572 (June 28, 1999), 64 FR 36412 (July 6, 1999). A typographical error was corrected on July 27, 1999, Securities Exchange Act Rel. No. 41572 (correction), 64 FR 40651.

<sup>5</sup> See letters from Kenneth S. Spier, First Vice President & Assistant General Counsel, Merrill Lynch, Pierce, Fenner & Smith Incorporated, dated July 27, 1999 ("Merrill Letter") and Sam Scott Miller, Orrick, Herrington & Sutcliffe LLP, to Jonathan G. Katz, Secretary, Commission, dated July 26, 1999 ("Schwab Letter").

<sup>6</sup> A nonprofessional subscriber must receive the information solely for his or her personal, non-business use and must not furnish the information to any other person. See NYSE and ASE Application and Agreement for the Privilege of Receiving Last Sale Information & Bond Last Sale Information as a Nonprofessional Subscriber, for the qualifications necessary to be classified as a nonprofessional subscriber.