

4. The Lending Program of each Lending Fund will comply with all present and future applicable Commission and staff positions regarding securities lending arrangements.

Private Funds

5. Each Lending Fund will purchase and redeem Units as of the same time and at the same price, and will receive dividends and bear its proportionate share of expenses on the same basis, as other holders of the Units. A separate account will be established in the unitholder records of each Private Fund for the account of each Lending Fund.

6. Each Private Fund will comply with the requirements of sections 17(a), (d), (e), and 18 of the Act as if the Private Fund was a registered open-end investment company. With respect to all redemption requests made by a Lending Fund, the Private Funds will comply with section 22(e) of the Act. The Trustee of a Private Fund shall adopt procedures designed to ensure that the Private Fund complies with sections 17(a), (d), and (e), 18 and 22(e) of the Act. Such Trustee will periodically review and periodically update as appropriate such procedures and will maintain books and records describing such procedures, and maintain the records required by rules 31a-1(b)(1), 31a-1(b)(2)(ii) and 31a-1(b)(9) under the Act. All books and records required to be made pursuant to this condition will be maintained and preserved for a period of not less than six years from the end of the fiscal year in which any transaction occurred, the first two years in an easily accessible place, and will be subject to examination by the Commission and its staff.

7. The net asset value per Unit with respect to Units of the Private Funds will be determined separately for each Private Fund by dividing the value of the assets belonging to that Private Fund, less the liabilities of that Private Fund, by the number of Units outstanding with respect to that Private Fund.

8. Any Private Fund that uses the amortized cost method of valuation, as defined in rule 2a-7 under the Act, will comply with rule 2a-7. With respect to each such Private Fund, the Trustee will adopt and monitor the procedures described in rule 2a-7(c)(7) and will take such other actions as are required to be taken under those procedures. The Lending Funds may only purchase Units of such Private Fund if the Trustee determines on an ongoing basis that the Private Fund is in compliance with rule 2a-7. The Trustee will preserve for a period of not less than six

years from the date of determination, the first two years in an easily accessible place, a record of the determination and the basis upon which the determination was made. This record will be subject to examination by the Commission and its staff.

Other Conditions

9. Investment of Uninvested Cash in Shares and Cash Collateral in Shares and/or Units will be in accordance with each Affiliated Fund's and Other Fund's respective investment restrictions, if any, and will be consistent with its policies as recited in its prospectus and statement of additional information (and supplements thereto).

10. Shares and Unites will not be subject to a sales load, redemption fee, asset-based distribution fee or service fee (as defined in rule 2830(b)(9) of the NASD Conduct Rules).

11. Before the next meeting of the Board of an Affiliated Fund is held for the purpose of voting on an advisory contract under section 15 of the Act, the Northern Entity acting as investment adviser of the Affiliated Fund will provide the Board with specific information regarding the approximate cost to such investment adviser of, or portion of the advisory fee under the existing advisory contract attributable to, managing the Uninvested Cash of the Affiliated Fund that can be expected to be invested in the Money Market Portfolios. In connection with approving any advisory contract for an Affiliated Fund, the Board of the Affiliated Fund, including a majority of the Independent Directors, will consider to what extent, if any, the advisory fees charged to the Affiliated Fund by a Northern Entity should be reduced to account for reduced services provided to the Affiliated Fund by the Northern Entity as a result of Uninvested Cash being invested in the Money Market Portfolios. The minute books of the Affiliated Fund will record fully the Board's consideration in approving the advisory contract, including the consideration referred to above.

12. Each Affiliated Fund will invest Uninvested Cash in, and hold Shares of, the Money Market Portfolios only to the extent that the Affiliated Fund's aggregate investment of Uninvested Cash in the Money Market Portfolios does not exceed 25% of the Affiliated Fund's total assets.

13. Each Affiliated Fund, Money Market Portfolio and Private Fund that relies on the order will be advised by a Northern Entity.

14. Neither the Private Funds nor the Money Market Portfolios in which Cash Collateral or Uninvested Cash is

invested shall acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 01-17721 Filed 7-13-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44532; File No. SR-Amex-2001-25]

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval to Proposed Rule Change Relating to Generic Listing Standards for Portfolio Depository Receipts and Index Fund Shares

July 10, 2001.

On May 3, 2001, the American Stock Exchange LLC ("Amex") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Amex Rule 1000, Commentary .03 and Amex Rule 1000A, Commentary .02 regarding generic listing standards for Portfolio Depository Receipts and Index Fund shares to increase from 25 percent to 30 percent the permissible weight of the most heavily weighted component stock in an underlying index.

The proposed rule change was published for comment in the **Federal Register** on June 4, 2001.³ The Commission received no comments on the proposal.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange⁴ and, in particular, the requirements of Section 6 of the Act⁵ and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with section 6(b)(5) of the Act⁶ because it is designed to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 34-44354 (May 25, 2001), 66 FR 30031.

⁴ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(5).

prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

It Is Therefore Ordered, pursuant to section 19(b)(2) of the Act,⁷ that the proposed rule change (File No. SR-Amex-2001-25) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-17712 Filed 7-13-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44530 File No. SR-CBOE-2001-27]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Rerouting of Certain Orders

July 9, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934, (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 29, 2001, the Chicago Board Options Exchange, Incorporated (“CBOE” 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 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 proposes to amend Exchange Rule 6.8, *RAES Operations*, to make it clear that an order rerouted from RAES may be routed to a location of the sending firm’s choice. Below is the text of the proposed rule change.

New text is in *italics*. Proposed deletions are in [brackets].

* * * * *

Chicago Board Options Exchange, Inc. Rules

* * * * *

Chapter IX—Doing Business with the Public

* * * * *

RAES Operations

Rule 6.8.

(a)–(c) No change.

(d) Execution on RAES.

(i) When RAES receives an order, the system automatically will attach to the order its execution price, determined by the prevailing market quote at the time of the order’s entry to the system, except as otherwise provided in this Rule 6.8 and the Interpretations to this rule. A buy order will pay the offer, a sell order sell at the bid. Marketable limit orders will not be executed to sell for less or buy for more than the specified price, but the order can be executed to sell for a higher price or buy for a lower price. However, if the order’s limit price is under \$3, RAES will execute the order only if the necessary bid or offer is ¹ point or less from the limit price. If the order’s limit price is \$3 or more, RAES will execute the order only if the necessary bid or offer is one dollar or less from the limit price.

(ii) A Market-Maker logged on to participate in RAES (a “Participating Market-Maker”) will be designated as contra-broker on the trade.

(iii) A trade executed on RAES at an erroneous quote should be treated as a trade reported at an erroneous price and adjusted to reflect the accurate market after receiving a Floor Official’s approval.

(iv) When the best bid or offer on the Exchange’s book constitutes the best bid or offer on the Exchange, contra-side incoming RAES orders shall be executed in accordance with either (A)[(i)] or (B)[(ii)] below, as determined by the appropriate Floor Procedure Committee on a class-by-class basis.

(A)[(i)] When the best bid or offer on the Exchange’s book constitutes the best bid or offer on the Exchange and is for a size less than RAES order eligibility size for that class, such fact shall be denoted in the Exchange’s disseminated quote by a “Book Indicator”. An incoming RAES order will be executed against the order in the book. In the event the order in the book is for a smaller number of contracts than the RAES order, the balance of the RAES order will be assigned to participating

market-makers at the same price at which the initial portion of the order was executed up to an amount prescribed by the appropriate Floor Procedure Committee on a class-by-class basis (the “Book Price Commitment Quantity”). Any remaining balance thereafter shall be (i) routed to the crowd PAR terminal (*or to another location in the event of system problems or contrary firm routing instructions*) if Autoquote is not in effect for that series; (ii) assigned to participating market-makers at the Autoquote price if Autoquote constitutes the new prevailing market bid or offer; or (iii) executed against any order in the book that constitutes the new prevailing market bid or offer with the balance of the RAES order being assigned to participating market-makers at that price up to the Book Price Commitment Quantity. Any additional remaining balance of a RAES order shall be handled in accordance with (ii) or (iii) of this paragraph.

(B)[(ii)] An incoming RAES order will be executed against the order in the book. In the event the order in the book is for a smaller number of contracts than the RAES order, the balance of the RAES order will be assigned to participating market-makers at the same price at which the initial portion of the RAES order was executed.

(v) Notwithstanding sub-paragraph (d)(iv), for a six month pilot program ending August 21, 2001, for any series of options where the bid or offer generated by the Exchange’s Autoquote system (or any Exchange approved proprietary quote generation system used in lieu of the Exchange’s Autoquote system) crosses or locks the Exchange’s best bid or offer as established by an order in the Exchange’s customer limit order book, orders in RAES for options of that series will not be automatically executed but instead will be rerouted on ORS to the crowd PAR terminal or to another location in the event of system problems or contrary firm routing instructions.

(e)–(g) No change.

Interpretations and Policies

.01 No change.

.02 Orders to buy or sell options that are multiply traded in one or more markets in addition to the Exchange will not be automatically executed on RAES at prices inferior to the current best bid or offer in any other market, as such best bids or offers are identified in RAES. In respect of those classes of options that have been specifically designated by the appropriate Floor Procedure Committee as coming within the scope of this sentence (“automatic step-up classes”),

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.