

an "affiliated person" (as such term is defined in the Act) of the Partnership (other than a Third Party Fund), (b) Citigroup, (c) an officer or director of Citigroup or (d) an entity (other than a Third Party Fund) in which the General Partner acts as a general partner or has a similar capacity to control the sale or other disposition of the entity's securities. The restrictions contained in this condition, however, shall not be deemed to limit or prevent the disposition of an investment by an Affiliated Co-Investor (a) to its direct or indirect wholly owned subsidiary, to any company (a "Parent") of which the Affiliated Co-Investor is a direct or indirect wholly owned subsidiary, or to a direct or indirect wholly owned subsidiary of its Parent, (b) to immediate family members of the Affiliated Co-Investor or a trust or other investment vehicle established for any Affiliated Co-Investor or any such family member or (c) when the investment comprises securities that are (i) listed on a national securities exchange registered under section 6 of the Exchange Act, (ii) national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11Aa2-1 thereunder, (iii) government securities as defined in section 2(a)(16) of the Act or other money market instruments or (iv) listed or traded on any foreign securities exchange or board of trade that satisfies regulatory requirements under the law of the jurisdiction in which such foreign securities exchange or board of trade is organized similar to those that apply to a national securities exchange or a national market system for securities.

4. Each Partnership and its General Partner will maintain and preserve, for the life of the Partnership and at least two years thereafter, such accounts, books and other documents constituting the record forming the basis for the audited financial statements that are to be provided to the Limited Partners in the Partnership, and each annual report of the Partnership required to be sent to the Limited Partners, and agree that all such records will be subject to examination by the Commission and its staff.⁶

5. The General Partner of each Partnership will send to each Limited Partner having an interest in any capital account of the Partnership, at any time during the fiscal year then ended, Partnership financial statements audited by the Partnership's independent

accountants. At the end of each fiscal year, the General Partner will make or cause to be made a valuation of all of the assets of the Partnership as of such fiscal year end in a manner consistent with customary practice with respect to the valuation of assets of the kind held by the Partnership. In addition, as soon as practicable after the end of each fiscal year of the Partnership, the General Partner will send a report to each person who was a Limited Partner at any time during the fiscal year then ended, setting forth such tax information as shall be necessary for the preparation by the Limited Partner of his, her or its federal and state income tax returns and a report of the investment activities of the Partnership during that fiscal year.

6. Whenever a Partnership makes a purchase from or sale to an entity affiliated with the Partnership by reason of a 5% or more investment in the entity by a Citigroup director, officer or employee, such individual will not participate in the General Partner's determination of whether or not to effect such purchase or sale.

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

[Investment Company Act Release No. 25325; 812-12288]

One Fund, Inc., Ohio National Fund, Inc., Dow Target Variable Fund LLC, and Ohio National Investments, Inc.; Notice of Application

December 21, 2001.

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

ACTION: Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act.

SUMMARY OF APPLICATION: Applicants, ONE Fund, Inc. ("ONE Fund") (each a "Fund" and, collectively, the "Funds"), and Ohio National Investments, Inc. (the "Adviser"), request an order that would permit applicants to enter into and materially amend subadvisory agreements without shareholder approval.

FILING DATES: The application was filed on September 29, 2000, and amended on December 14, 2001.

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 applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on January 15, 2002, 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 Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609; Applicants, One Financial Way, Montgomery, Ohio 45242.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Senior Counsel, at (202) 942-0574 or Mary Kay Frech, Branch Chief, 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 (telephone (202) 942-8090).

Applicants' Representations

1. ONE Fund and ON Fund are Maryland corporations registered under the Act as open-end management investment companies. ON Fund offers its shares only to separate accounts of The Ohio National Life Insurance Company ("ONLI") and Ohio National Life Assurance Corporation ("ONLAC"), as the underlying investments for variable annuities issued by ONLI and variable life insurance contracts issued by ONLAC. Dow Fund is an Ohio limited liability company registered under the act as an open-end management investment company. Dow Fund presently sells its interests only to separate accounts of ONLI as a funding option to support certain benefits under variable annuity contracts issued by ONLI. Each Fund is comprised of multiple series ("Portfolios"), each with its own investment objectives and policies.¹

¹ Applicants also request relief with respect to all registered open-end investment companies and

⁶ Each Partnership will preserve the accounts, books, and other documents required to be maintained in an easily accessible place for the first two years.

2. The Adviser, an Ohio corporation, serves as investment adviser to each of the Portfolios, and is registered under the Investment Advisers Act of 1940 (the "Advisers Act"). The Adviser is a wholly-owned subsidiary of ONLI.

3. The Adviser serves as investment adviser to the Portfolios pursuant to investment advisory agreements between the Adviser and the Funds that were approved by each Fund's board of directors ("Board"), including a majority of the Directors who are not "interested persons," as defined in section 2(a)(19) of the Act, of the Fund or the Adviser ("Independent Directors"), and by the shareholders of each Fund (the "Investment Advisory Agreements"). Under the terms of the Investment Advisory Agreements, the Adviser administers the business and affairs of the Funds. The Adviser has overall general supervisory responsibility for the investment program of the Portfolios. The Adviser also selects, contracts with, and compensates subadvisers ("Managers") to manage the investment and re-investment of the assets of the Portfolios. Each Manager is an investment adviser registered under the Advisers Act, or exempt from registration under the Advisers Act, and performs services pursuant to a written agreement with the Adviser ("Portfolio Management Agreement"). As compensation for its services, the Adviser receives a fee from the Funds computed separately for each of the Portfolios. Managers' fees are paid by the Adviser out of these fees from the Portfolios.

4. The Adviser selects Managers based on the continuing quantitative and qualitative evaluation of their skills and proven abilities in managing assets pursuant to a specific investment style. The Adviser monitors the compliance of Managers with the investment objectives and related policies of each Portfolio and reviews the performance of each Manager in order to assure continuing quality of performance. The Adviser may recommend to the Board reallocation of Portfolio assets among Managers, if necessary, or recommend that the Fund employ or terminate

their series that in the future are advised by the Adviser or any entity controlling, controlled by, or under common control (within the meaning of section 2(a)(9) of the Act) with the Adviser that are managed in a manner consistent with the application, and comply with the terms and conditions in the application ("Future Funds"). All registered open-end management investment companies that currently intend to rely on the requested order are named as applicants. If the name of any Portfolio contains the name of a manager, as defined below, the Manager's name will be preceded by the name of the Adviser.

particular Managers, to the extent the Adviser deems appropriate to achieve the overall objectives of a particular Portfolio.

5. Applicants request relief to permit the Adviser subject to the oversight of the Board to enter into and materially amend Portfolio Management Agreements without shareholder approval. The requested relief will not extend to a Manager that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Fund or the Adviser, other than by reason of serving as a Manager to one or more of the Portfolios (an "Affiliated Manager".)

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by the vote of the company's outstanding voting securities. Rule 18f-2 under the Act provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transactions or any class or classes of persons, securities, or transactions from any provision of the Act, or from any rule thereunder, if 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 provisions of the Act. Applicants request an exemption under section 6(c) of the Act from section 15(a) of the Act and rule 18f-2 under the Act to permit them to enter into and materially amend Portfolio Management Agreements without shareholder approval.

3. Applicants state that investment companies such as the Funds that use an adviser/subadviser structure divide responsibility for general management and investment advice between the Adviser and one or more Managers. Applicants assert that shareholders rely on the Adviser to select and monitor Managers best suited to achieve a Portfolio's investment objectives. Applicants contend that from the perspective of the investor, the role of the Managers is comparable to that of individual portfolio managers employed by other investment advisory firms. Applicants contend that requiring shareholder approval of Portfolio Management Agreements would impose expenses and unnecessary delays on the Portfolios, and may preclude the Adviser from promptly acting in a manner considered advisable by the

Board. Applicants note that the Investment Advisory Agreements will remain fully subject to the requirements of section 15(a) of the Act and rule 18f-2 under the Act, including the requirements for shareholder approval.

Applicants' Conditions

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

1. No Portfolio will enter into a Portfolio Management Agreement with an Affiliated Manager without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the Portfolio (or, if the Portfolio serves as an investment medium for any sub-account of a registered separate account, pursuant to voting instructions by the unitholders of the sub-account.)

2. At all times, a majority of the Board will be Independent Directors, and the nomination of new or additional Independent Directors will be at the discretion of the then existing Independent Directors.

3. When a Manager change is proposed for a Portfolio with an Affiliated Manager, the Board, including a majority of the Independent Directors, will make a separate finding, reflected in the Fund's Board minutes, that the change is in the best interests of the Portfolio and its shareholders (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, in the best interests of the Portfolio and the unitholders of any sub-account) and that the change does not involve a conflict of interests from which the Adviser or Affiliated Manager derives an inappropriate advantage.

4. Before a Portfolio may rely on the order, the operation of the Portfolio in the manner described in the application will be approved by a majority of the Portfolio's outstanding voting securities (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, pursuant to voting instructions provided by the unitholders of the sub-account), as defined in the Act, or, in the case of a Portfolio or Future Fund whose public shareholders (or variable contract owners through a separate account) purchased shares on the basis of a prospectus(es) containing the disclosure contemplated by Condition 6 below, by the sole initial shareholder(s) before the shares of such Portfolio or Future Fund are offered to the public (or the variable contract owners through a separate account.)

5. The Adviser will provide general management services to the Funds and their Portfolios, including overall

supervisory responsibility for the general management and investment of each Portfolio's securities portfolio, and subject to review and approval by the Board, will (a) set the Portfolio's overall investment strategies; (b) evaluate, select, and recommend Managers to manage all or part of a Portfolios assets; (c) when appropriate, allocate and reallocate a Portfolio's assets among multiple Managers; (d) monitor and evaluate the performance of Managers; and (e) implement procedures reasonably designed to ensure that the Managers comply with the relevant Portfolio's investment objectives, policies, and restrictions.

6. Each Portfolio relying on the requested relief will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to the application. In addition, any such Portfolio will hold itself out as employing the Adviser/Manager structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility to oversee the Managers and recommend their hiring, termination and replacement.

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

8. Within 90 days of the hiring of any new Manager, the Adviser will furnish shareholders (or, if the Portfolio serves as a funding medium for any sub-account of a registered separate account, the Adviser will furnish the unitholders of the sub-account) with respect to the appropriate Portfolio all information about the new Manager that would be included in a proxy statement. Such information will include any changes caused by an addition of a new Manager. To meet this condition, the Adviser will provide shareholders (or, if the Portfolio serves as a funding medium for any sub-account) 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.

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. 34-45176; File No. SR-Amex-2001-105]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange LLC, Relating to a Six-Month Extension of Automatic Execution for Exchange Traded Funds

December 20, 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 December 13, 2001, the American Stock Exchange LLC ("Amex" 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 Amex. The proposed rule change has been filed by the Amex as a "non-controversial" rule change under rule 19b-4(f)(6)³ under the Act. 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 Amex seeks a six-month extension of Amex Rule 128A to continue its pilot program for the automatic execution of orders for Exchange Traded Funds ("ETFs"). The text of the proposed rule change is available at the Office of the Secretary, the Amex, 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 Amex 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 Amex 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

On June 19, 2001, the Commission approved the Exchange's proposal, adopted as Amex Rule 128A, to permit the automatic execution of orders for Exchange Traded Funds ("ETFs") on a six-month pilot program basis.⁴ The Exchange now seeks to extend the pilot program for another six months.

Since 1986, the Exchange has had an automatic order execution feature ("Auto-Ex") for eligible orders in listed options. The Chicago Board Options Exchange, Philadelphia Stock Exchange, and Pacific Exchange established similar automatic option order execution features at about the same time as the Amex, and the newest options exchange, the International Securities Exchange, also features automatic order execution. Auto-Ex, accordingly, has been a standard feature of the options markets for a number of years.

In 1993, the Amex commenced trading Standard and Poor's Depository Receipts® ("SPDRs®"), the first ETF to be listed and traded on the Exchange. ETFs are individual securities that represent a fractional, undivided interest in a portfolio of securities. Currently, approximately 100 ETFs are listed on the Amex. Like an option, an ETF is a derivative security, and, according to the Amex, its price is a function of the value of the portfolio of securities underlying the ETF. Thus, as is the case with options, the Exchange asserts that it is not the price discovery market for ETFs, and that the price discovery market is the market or markets where the underlying securities trade.

The Exchange is now proposing to extend its current Auto-Ex technology to ETFs listed under Amex Rules 1002, 1002A, and 1202 for an additional six months. The Amex represents that this will provide investors that send eligible orders to the Exchange with faster executions than they otherwise would receive. The Exchange believes that many investors desire rapid executions in trading securities that are priced derivative since the value of the underlying instruments may fluctuate during order processing. The Amex,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

⁴ See Securities Exchange Act Release No. 44449 (June 19, 2001), 66FR 33724 (June 25, 2001) ("June Release"), approving File No. SR-Amex-2001-29.