

the board of directors of the investment company may not be "interested persons" with respect to either the predecessor or successor adviser of the investment company. Applicants believe that the assumption by Funds Management of the investment advisory responsibilities for the C&B Funds and the compensation to be paid by Funds Management to C&B in connection with the Reorganization constitute a transaction covered by section 15(f) of the Act. Applicants state that, without the requested exemption, following the Reorganization, Funds Trust would have to reconstitute its Board to meet the seventy-five percent non-interested director requirement of section 15(f)(1)(A).

2. Section 15(f)(3)(B) of the Act provides that if the assignment of an investment advisory contract results from the merger of, or sale of substantially all of the assets by, a registered company with or to another registered investment company with assets substantially greater in amount, such discrepancy in size shall be considered by the Commission in determining whether, or to what extent, to grant exemptive relief under section 6(c) from section 15(f)(1)(A).

3. Section 6(c) of the Act permits the Commission to exempt any person or transaction from any provision of the Act, or any rule or regulation under the Act, if the 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.

4. Applicants request an exemption under section 6(c) of the Act from section 15(f)(1)(A) of the Act. Applicants state that, as of March 31, 2004, Funds Trust had approximately \$75 billion and C&B Funds had approximately \$500 million in aggregate net assets, respectively, making the C&B Funds' aggregate net assets less than 1% of the aggregate net assets of Funds Trust.

5. Applicants state that two of the seven trustees who serve on the Board of Funds Trust are "interested persons," within the meaning of section 2(a)(19) of the Act, of Funds Management. Applicants state that none of the trustees who serve on the Board of Funds Trust is an interested person of C&B or the C&B Funds.

6. Applicants state that to comply with section 15(f)(1)(A) of the Act, Funds Trust would have to alter the composition of its Board, either by asking an experienced trustee to resign or by adding a new non-interested trustee. Applicants state that either of

these solutions would be unfair to shareholders of Funds Trust, particularly in view of the amount of the assets of the C&B Funds being acquired relative to the amount of the assets of Funds Trust.

7. Applicants acknowledge that the Commission has adopted amendments to certain existing rules that will require that at least 75% of the board of directors of any registered investment company that relies on these rules not be "interested persons" of the investment company. Funds Trust intends to comply with this requirement by the compliance date of the rule amendments. Applicants are not requesting relief from these rule amendments and acknowledge that the requested relief from section 15(f)(1)(A) will not extend beyond the compliance date of the rule amendments.

8. For the reasons stated above, applicants submit that the requested relief is necessary and 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.

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

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of July 12, 2004:

An open meeting will be held on Wednesday, July 14, 2004, at 10 a.m., in room 1C30, the William O. Douglas Room.

The subject matter of the Open Meeting scheduled for Wednesday, July 14, 2004, will be:

1. The Commission will consider whether to propose rule 203(b)(3)-2 under the Investment Advisers Act of 1940 to require hedge fund advisers to register with the Commission. The Commission also will consider whether to propose certain conforming and transitional amendments to rules 203(b)(3)-1, 204-2, 205-3, 206(4)-2 and Form ADV.

For further information, please contact Vivien Liu at (202) 942-0719.

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 at (202) 942-7070.

Dated: July 1, 2004.

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49921; File No. SR-Amex-2004-04]

Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change and Amendment Nos. 1, 2, and 3 thereto Relating to Auto-Ex for Exchange Traded Funds and Nasdaq Securities Traded on an Unlisted Basis

June 25, 2004.

On January 20, 2004, the American Stock Exchange LLC ("Amex" or "Exchange") 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 revise its automatic execution ("Auto-Ex") procedures for Portfolio Depository Receipts, Index Fund Shares, Trust Issued Receipts (collectively referred to as "Exchange Traded Funds" or "ETFs"), and Nasdaq securities admitted to trading on an unlisted basis. On March 4, 2004, the Amex amended the proposed rule change.³ On March 11, 2004, the Amex amended the proposed rule change.⁴

The proposed rule change and Amendment Nos. 1 and 2 were published for comment in the **Federal Register** on March 25, 2004.⁵ The Commission received no comments on the proposal. On May 19, 2004, the Amex amended the proposed rule

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from William Floyd-Jones, Associate General Counsel, Amex, to Nancy Sanow, Assistant Director, Office of Market Supervision ("OMS"), Commission, dated March 3, 2004 ("Amendment No. 1"). In Amendment No. 1, the Amex restated the proposed rule change in its entirety.

⁴ See letter from William Floyd-Jones, Associate General Counsel, Amex, to Nancy Sanow, Assistant Director, OMS, Commission, dated March 11, 2004 ("Amendment No. 2"). In Amendment No. 2, the Amex restated the proposed rule change in its entirety.

⁵ See Securities Exchange Act Release No. 49449 (March 19, 2004), 69 FR 15411.