

world. The assets of each Fund are represented by issuers from at least three countries, one of which may be the United States. In addition, both Funds may invest in securities of issuers located, or that do business in, emerging markets. Although the Funds have authority to invest in below-investment grade debt securities, they both focus their investments on investment-grade debt. And, while the FT Global Fund may invest a greater percentage of its assets in below-investment grade debt than the GE Global Fund (30% vs. 25%), Applicants submit that this limited flexibility does not significantly or meaningfully increase the risk profile of the FT Global Fund as compared to that of the GE Global Fund because of the FT Global Fund's stated focus on investment-grade debt. In fact, the average credit quality of the debt securities comprising the FT Global Fund as of December 31, 2004 was AA-/A+. Moreover, annual returns, which can provide an indication of the risks of investing in a fund, demonstrate that, year after year, the FT Global Fund is a more consistent performer than the GE Global Fund. Furthermore, the FT Global Fund's consistently higher income ratios strongly suggest that the Fund's investment approach to achieving its objective of high current income is superior to and more effective than the GE Global Fund's approach.

6. Because both Funds have substantially similar objectives and strategies, their portfolios are subject to the same types of principal risks, including the following: Interest rate risk, credit risk, foreign securities risk, emerging markets risk, derivatives risk, and non-diversification risk.

7. Furthermore, the performance history of the FT Global Fund is significantly better than that of the GE Global Fund. Given the reasons offered by GEAM for the liquidation of the GE Global Fund, Applicants believe that the FT Global Fund should continue to outperform the GE Global Fund. Factoring into this conclusion is the fact that the FT Global Fund has substantially greater assets than the GE Global Fund. This creates the opportunity for better performance because the FT Global Fund's fixed costs are spread across a larger number of shareholders. The economies of scale inherent in the FT Global Fund's greater asset size will be passed to Contract owners.

8. Importantly, the total operating expenses of the FT Global Fund are lower than those of the GE Global Fund. Given that there is no expectation for any significant growth in the assets of the GE Global Fund, Applicants believe

that the expenses of the GE Global Fund will remain higher than those of the FT Global Fund. Thus, the substitution will not result in Contract owners paying a higher level of expenses.

9. Applicants assert that after taking all of these factors into consideration—namely that (1) the investment objectives, strategies and risks of the Funds are substantially similar, (2) the FT Global Fund consistently has outperformed the GE Global Fund, (3) the FT Global Fund has produced a higher level of income for its shareholders year after year, (4) the FT Global Fund has lower operating expenses than the GE Global, and (5) the GIF Board has determined that the liquidation of the GE Global Fund would be in the best interests of its shareholders—if Contract owners are not satisfied with the FT Global Fund as a replacement for the GE Global Fund, it is important to note that they will have a myriad of options under their Contracts, managed by a diverse group of quality investment advisers, from which to choose if they decide to transfer their assets.

10. Furthermore, the Companies submit that the substitution and the selection of the FT Global Fund were not motivated by any financial consideration paid or to be paid to the Companies or their affiliates by the FT Global Fund, its advisor or underwriter, or their respective affiliates. In this connection, Applicants represent that the Companies will not receive, for 36 months following the Exchange Date, any direct or indirect benefits from the FT Global Fund, its advisor or underwriter (or their affiliates) at a rate higher than that which they had received from the GE Global Fund, its advisor or underwriter (or their affiliates), including without limitation 12b-1, shareholder service, administration or other service fees, revenue sharing or other arrangements.

11. In addition to the foregoing, Applicants submit that the proposed substitution satisfies the standards of Section 26(c) because:

(a) The costs of the substitution, including any brokerage costs, will be borne by the Companies and will not be borne by Contract owners. No charges will be assessed to effect the substitution.

(b) The substitution will be effected at the net asset values of the respective shares without the imposition of any transfer or similar charge and with no change in the amount of any Contract owner's accumulation value.

(c) The Substitution will not cause the fees and charges under the Contracts currently being paid by Contract owners

to be greater after the substitution than before the substitution.

(d) All Contract owners will be given prior notice of the substitution and will have an opportunity for 30 days after the Exchange Date to reallocate Contract value among other available sub-accounts without the restriction or the imposition of any fees.

(e) Within five days after the substitution, the Companies will send to affected Contract owners written confirmation that the substitution has occurred.

(f) The substitution will in no way alter the insurance benefits to Contract owners or the contractual obligations of the Companies.

(g) The substitution will have no adverse tax consequences to Contract owners and will in no way alter the tax benefits to Contract owners.

*Conclusion:* Applicants request an order of the Commission pursuant to Section 26(c) of the 1940 Act approving the Substitution. Section 26(c), in pertinent part, provides that the Commission shall issue an order approving a substitution of securities if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Thus, Applicants assert that, for the reasons and upon the facts set forth above, the requested order meets the standards set forth in Section 26(c) and should, therefore, be granted.

For the Commission, by the Division of Investment Management, pursuant to 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, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of June 27, 2005:

An Open Meeting will be held on Wednesday, June 29, 2005, at 10 a.m. in Room L-002, the Auditorium, at the Securities and Exchange Commission's new headquarters located at 100 F Street, NE., and a Closed Meeting will be held on Thursday, June 30, 2005 at 2 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain

staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matters at the Closed Meeting.

Chairman Donaldson, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matters of the Open Meeting scheduled for Wednesday, June 29, 2005 will be:

1. The Commission will consider whether to adopt final rules that would modify and advance significantly the registration, communications, and offering processes under the Securities Act of 1933. The rules would eliminate unnecessary and outmoded restrictions on offerings. In addition, the rules would provide more timely investment information to investors without mandating inappropriate delays in the offering process. The rules also continue our long-term efforts toward integrating disclosure and processes under the Securities Act and the Securities Exchange Act of 1934. The rules accomplish these goals by addressing communications related to registered securities offerings, delivery of information to investors, and procedural restrictions in the offering and capital formation process.

For further information, please contact Amy Starr, Daniel Horwood, or Anne Nguyen, Division of Corporation Finance, at (202) 551-3115 or, with regard to investment companies, Kieran Brown, Division of Investment Management, at (202) 551-6825.

2. The Commission will consider whether to adopt final rules amending Form S-8, Form 8-K, and Form 20-F, as well as defining the term "shell company" and amending the definition of the term "succession." The rules would address: (1) The use of Form S-8 by shell companies; and (2) the information required to be disclosed in a report on Form 8-K or Form 20-F filed when a company becomes a shell company or ceases to be a shell company. The rules are designed to assure that investors in shell companies that acquire operations or assets have access on a timely basis to the same kind of information as is available to investors in public companies with continuing operations.

For further information, please contact Gerald J. Laporte, Chief, or Kevin M. O'Neill, Special Counsel, Office of Small Business Policy, Division of Corporation Finance, at (202) 551-3460.

3. The Commission will consider the matters remanded to the Commission by the U.S. Court of Appeals for the District of Columbia Circuit on June 21, 2005 in its decision in *Chamber of Commerce v. SEC* regarding the Commission's "Investment Company Governance" rules (69 FR 46378 (Aug. 2, 2004)). The remanded matters, as discussed more fully in the court's opinion (<http://www.cadc.uscourts.gov>), are (1) costs

of complying with the 75% independent director condition and the independent chairman condition and (2) a disclosure alternative to the independent chairman condition.

For further information, please contact Penelope Saltzman, Division of Investment Management, at (202) 551-6792.

The subject matters of the Closed Meeting scheduled for Thursday, June 30, 2005, will be:

Post-argument discussion;  
Settlement of injunctive actions;  
Institution and settlement of administrative proceedings of an enforcement nature; and an Adjudicatory matter.

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) 551-5400.

Dated: June 22, 2005.

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-51873; File No. SR-Amex-2005-033]

### Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change and Amendment No. 1 Thereto To Amend Rule 918—ANTE(a)(4) Regarding Closing Rotations

June 17, 2005.

On March 17, 2005, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change 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> to amend Amex Rule 918—ANTE(a)(4) to eliminate the requirement that a closing rotation be held in every option series at the end of every trading day. The Amex submitted an amendment to the proposal on April 14, 2005.<sup>3</sup> The proposed rule change, as amended, was published for comment in the **Federal**

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

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

<sup>3</sup> See Form 19b-4 dated April 14, 2005 (Amendment No. 1), replacing the original filing in its entirety.

**Register** on May 13, 2005.<sup>4</sup> The Commission received no comments on the proposal, as amended.

After careful review, the Commission finds that the proposal, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> In particular, the Commission finds that the proposed rule change, as amended, is consistent with Section 6(b)(5) of the Act,<sup>6</sup> because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to and 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.

Specifically, the Commission believes that the proposal to eliminate the requirement that a closing rotation be held in every option series at the end of every trading day is reasonable given the Exchange's representations that use of the ANTE System during the last eleven months has shown closing rotation to be unnecessary when no market-on-close or limit-on-close orders have been submitted. Accordingly, the Commission believes it is appropriate for the Exchange to revise Amex Rule 918—ANTE(a)(4) to provide that closing rotations shall only occur in those options series in which market-on-close and limit-on-close orders have been submitted.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change, as amended, (SR-Amex-2005-033) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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<sup>4</sup> See Securities Exchange Act Release No. 51671 (May 9, 2005), 70 FR 25629.

<sup>5</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).