

not in the earnings attributable to that amount. Thus, when ASLAC recaptures any Credit, it is simply retrieving its own assets, and because a Contract owner's interest in the Credit is not vested, the Contract owner has not been deprived of a proportionate share of the applicable Account's assets, *i.e.*, a share of the applicable Account's assets proportionate to the Contract owner's account value (including the Credit).

8. For the foregoing reasons, Applicants state, the provisions for recapture of any Credit under the Contracts do not, and any such Future Contract provisions will not, violate section 2(a)(32) and section 27(i)(2)(A) of the Act. Indeed, a contrary conclusion would be inconsistent with a stated purpose of the National Securities Market Improvement Act ("NSMIA"), which is "to amend the [Act] to * * * provide more effective and less burdensome regulation." Section 26(e) (now renumbered as section 26(f)) and section 27(i) were added to the Act pursuant to section 205 of NSMIA to implement the purposes of NSMIA and the Congressional intent. Thus, the application of a Credit to contributions made under the Contracts should not raise any questions as to ASLAC's compliance with the provisions of section 27(i). Nevertheless, to avoid any uncertainties, Applicants request an exemption from Sections 2(a)(32) and 27(i)(2)(A), to the extent deemed necessary, to permit the recapture of any Credit under the circumstances described herein with respect to Contracts and any Future Contracts, without the loss of the relief from section 27 provided by section 27(i).

9. Section 22(c) of the Act authorizes the Commission to make rules and regulations applicable to registered investment companies and to principal underwriters of, and dealers in, the redeemable securities of any registered investment company to accomplish the same purposes as contemplated by section 22(a). Rule 22c-1 thereunder prohibits a registered investment company issuing any redeemable security, a person designated in such issuer's prospectus as authorized to consummate transactions in any such security, and a principal underwriter of, or dealer in such security, from selling, redeeming, or repurchasing any such security except at a price based on the current net asset value of such security which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security.

10. ASLAC's recapture of the Credit arguably might be viewed as resulting in

the redemption of redeemable securities for a price other than one based on the current net asset value of the Sub-accounts. The recapture of the Credit is not violative of Rule 22c-1. The recapture of the Credit does not involve either of the evils that Rule 22c-1 was intended to eliminate or reduce as far as reasonably practicable, namely: (a) The dilution of the value of outstanding redeemable securities of registered investment companies through their sale at a price below net asset value or their redemption or repurchase at a price above it, and (b) other unfair results, including speculative trading practices. These evils were the result of backward pricing, the practice of basing the price of a mutual fund share on the net asset value per share determined as of the close of the market on the previous day. Backward pricing allowed investors to take advantage of increases or decreases in net asset value that were not yet reflected in the price, thereby diluting the values of outstanding mutual fund shares.

11. Applicants state that the proposed recapture of the Credit poses no such threat of dilution. To effect a recapture of a Credit, ASLAC will redeem interests in a Contract owner's account at a price determined on the basis of the current net asset value of the respective Sub-Accounts. The amount recaptured will equal the amount of the Credit that ASLAC paid out of its own general account assets. Although Contract owners will be entitled to retain any investment gain attributable to the Credit, the amount of such gain will be determined on the basis of the current net asset value of the respective Sub-accounts. Thus, no dilution will occur upon the recapture of the Credit. Applicants also submit that the second harm that Rule 22c-1 was designed to address, namely, speculative trading practices calculated to take advantage of backward pricing, will not occur as a result of the recapture of the Credit.

Applicants believe that because neither of the harms that Rule 22c-1 was meant to address is found in the recapture of the Credit, Rule 22c-1 should have no application to any Credit. However, to avoid any uncertainty as to full compliance with the Act, Applicants request an exemption from the provisions of Rule 22c-1 to the extent deemed necessary to permit them to recapture the Credit under the Contracts and Future Contracts.

Conclusion

Applicants submit, based on the grounds summarized above, that their exemptive request meets the standards

set out in section 6(c) of the Act, namely, that the exemptions requested are 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, and that, therefore, the Commission should grant the requested order.

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

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 02-2069 Filed 1-28-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Federal Register Citation of Previous Announcement: [To be published on Friday, January 25, 2002]

Status: Closed Meeting.

Place: 450 Fifth Street, NW., Washington, DC.

Date and Time of Previously Announced Meeting: Tuesday, January 29, 2002 at 10 a.m.

Change in the Meeting: Cancellation of Meeting/Additional Meetings.

The closed meeting scheduled for Tuesday, January 29, 2002, has been cancelled, and rescheduled for Wednesday, February 6, 2002, at 10 a.m. An additional closed meeting will be held on Thursday, February 7, 2002, at 10 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meetings. 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 meetings.

The subject matters of the closed meetings scheduled for Wednesday, February 6, 2002, and Thursday, February 7, 2002, will be: Institution and settlement of injunctive actions; institution and settlement of administrative proceedings of an enforcement nature; formal orders of investigation; and adjudicatory matters.

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: January 24, 2002.

Jonathan G. Katz,
Secretary.

[FR Doc. 02-2208 Filed 1-25-02; 11:21 am]
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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45325; File No. SR-CHX-99-18]

Self-Regulatory Organizations; The Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to the Display of Limit Orders on the Exchange

January 23, 2002.

On September 24, 1999, The Chicago Stock Exchange, Inc. ("CHX" 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 conform its limit order display requirements under CHX Article XX, Rule 7, to Rule 11Ac1-4 under the Act.³ The proposed rule change was published for comment in the **Federal Register** on December 11, 2001.⁴ 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 exchange⁵ and, in particular, the requirements of section 6 of the Act⁶ and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with section 6(b)(5) of the Act⁷ because it will allow the CHX to treat limit orders in a manner consistent with the requirements of Rule 11Ac1-4.⁸

It is therefore ordered, pursuant to section 19(b)(2) of the Act⁹, that the

proposed rule change (SR-CHX-99-18) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 02-2117 Filed 1-28-02; 8:45 am]
BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45317; File No. SR-DTC-2001-15]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Revising The Depository Trust Company's Fee Schedule

January 18, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 31, 2001, The Depository Trust Company ("DTC") 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 primarily by DTC. 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 proposed rule change revises DTC's fee schedule.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The proposed rule change imposes a fee for each automated request transmitted to DTC for images of deposited securities using the BDSI (for deposits made through the Branch Deposit Service) and DAMP (for deposits made through the Deposit Automated Management Program) functions.

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC because fees will more equitably be allocated among users of DTC.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments from DTC participants or others have not been solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing rule change establishes fees to be imposed by DTC, it has become effective pursuant to section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2).⁴ At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549-0609. Copies of the submission, all subsequent

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.11Ac1-4.

⁴ See Securities Exchange Act Release No. 45122 (December 4, 2001), 66 FR 64066.

⁵ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(5).

⁸ 17 CFR 240.11Ac1-4.

⁹ 15 U.S.C. 78s(b)(2).