

costs or other charges will not be incurred due to unapproved substitutions of securities.

2. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the Substitution. Applicants represent that the purposes, terms, and conditions of the Substitution are consistent with the protection for which Section 26(b) was designed. Applicants believe the Substitution will benefit MVP and MSA-2 owners by eliminating two portfolios with below-average historical returns and consolidating their investments in portfolios which have investment objectives similar to the Eliminated Portfolios. MSA-1 owners and Policy owners will also benefit because of the elimination of a poorly performing portfolio and the consolidation of their investments in a portfolio which has investment objectives similar to the Total Return Portfolio.

3. Any Contract owner who does not want his or her assets allocated to the Substituted Portfolios would be able to transfer assets to any one of the other investment divisions available under their Contract without charge prior to or after the Automatic Selection Date.

4. Applicants represent that the Substitution will be effected at net asset value in conformity with Sections 22(c) and 22(g) of the 1940 Act and Rule 22c-1 thereunder. The Substitution may be effected primarily for cash, but also may involve partial redemptions in-kind of securities ("Related Transactions"). The use of in-kind redemptions in conformity with Section 22(g) of the 1940 Act would alleviate the impact of the brokerage fees and expenses upon GWL&A or the investment adviser or sub-adviser of the Substituted Portfolio, as these entities will bear all expenses related to the Substitution. The Related Transactions will be effected to the extent consistent with the investment objectives and any applicable diversification requirements.

5. GWL&A or the investment adviser of the Substituted Portfolios will assume the transfer and custodial expenses and legal and accounting fees incurred with respect to the Substitution. Contract owners will not incur any fees or charges as a result of the transfer of account values from any portfolio. Applicants represent that there will be no increase in the Contract or Separate Account fees and charges after the Substitution. Applicants further represent that the Substitution is designed to avoid any adverse federal income tax effect on Contract owners or Policy owners.

6. Section 17(a)(1) of the 1940 Act prohibits any affiliated person or an affiliate of an affiliated person, of a registered investment company, from selling any security or other property to such registered investment company. Section 17(a)(2) of the 1940 Act prohibits such affiliated persons from purchasing any security or other property from such registered investment company.

7. Section 17(b) of the 1940 Act authorizes the Commission to issue an order exempting a proposed transaction from Section 17(a) if: (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the 1940 Act.

8. Applicants request an order pursuant to Section 17(b) of the 1940 Act exempting the Related Transactions from the provisions of Section 17(a) of the 1940 Act.

9. Applicants represent that the terms of the Substitution are reasonable and fair and do not involve overreaching on the part of any person concerned. The Substitution will be effected at the net asset value of the securities involved and the interests of Contract owners will not be diluted. In-kind redemptions will alleviate some of the expenses involved with the Substitution and only will be used to the extent they are consistent with the investment objectives and applicable diversification requirements of the affected portfolios. All in-kind redemptions will be conducted in a manner conforming with the conditions of Rule 17a-7 under the 1940 Act.

10. Applicants represent that the Substitution and the Related Transactions are consistent with the policies of each investment company involved and the general purposes of the 1940 Act, and comply with the requirements of Section 17(b).

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the Substitution and Related Transactions should be granted.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39570; File No. SR-Amex-98-2]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc., To Revise the Exchange's Equity Fee Schedule To Include Transactions in DIAMONDS

January 22, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on January 12, 1998, the American Stock Exchange, Inc. ("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 Exchange. 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 Exchange seeks to revise its Equity Fee Schedule to reflect to transaction charges that will be imposed on trades in the newly listed and traded product called DIAMONDS.TM The Exchange commenced trading in DIAMONDS on January 20, 1998.

The text of the proposed rule change is available at the Office of the Secretary, the Exchange, 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 Exchange 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 Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

¹ 15 U.S.C. 78s(b)(1).

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

1. Purpose

The Exchange recently amended its Equity Fee Schedule to revise the transaction charges that apply to trades in Standard & Poor's Depository Receipts ("SPDRs") and Standard Poor's MidCap Depository Receipts ("MidCap SPDRs")². The transaction charges vary depending on for whom the trade is executed. Under the updated fee schedule, specialists are assessed a transaction charge of \$.006 per share (\$.60 per 100 shares), capped at \$300 per trade (50,000 shares). Registered Traders are assessed a transaction charge of \$.007 per share (\$.70 per 100 shares), capped at \$350 per trade (50,000 shares). Off-floor orders (both customer and broker-dealer) are assessed a transaction charge of \$.006 per share (\$.60 per 100 shares), capped at \$100 per trade (16,667 shares).

In addition, orders up to 5,099 shares in SPDRs and MidCap SPDRs routed to the Exchange floor electronically through the Exchange's Post Execution Reporting (PER) System are exempt from transaction charges. This provision is consistent with the waiver that also exempts from transaction charges those PER System orders for up to 1,099 shares in equity securities. However, neither of those exemptions may be applied to a PER System order that is for the account of a non-member competing market maker.³ Lastly, all trades executed on the Exchange in SPDRs and MidCAP SPDRs are exempt from the Exchange's Regulatory Fee (\$.00005 × Total Value).⁴

The Exchange seeks to impose on DIAMONDS the same transaction charge schedule that currently applies to trading in SPDRs and MidCap SPDRs. As a result, all transaction charges and exemptions therefrom now applicable to SPDRs and MidCap SPDRs will also apply to trades in DIAMONDS. The exchange also proposed to charge the specialist in DIAMONDS, in addition to the \$.006 per share transaction charge, a separate fee of \$90,000 per month payable at the beginning of each month.

² See Securities Exchange Act Release No. 39333 (Nov. 17, 1997), 62 FR 62795 (Nov. 25, 1997).

³ The Amex Equity Fee Schedule defines a "competing market maker" as a specialist or market maker registered as such on a registered stock exchange (other than Amex), or a market maker bidding and offering over-the-counter, in an Amex-traded security.

⁴ Like the previously described exemptions, this provision does not apply to PER System orders that are for the accounts of non-member competing market makers.

These changes are intended to lower the costs incurred by users of the DIAMONDS product while making the cost of trading DIAMONDS on the Exchange comparable to the economics of trading this and functionally similar products in other markets. The revisions to the Equity Fee Schedule have been implemented by the Exchange concurrently with the start of trading in DIAMONDS. Accordingly, the Exchange notified member firms regarding the changes to the equity Fee Schedule, as well as the date of their effectiveness.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(4),⁶ in particular, in that it is designed to assure the equitable allocation of reasonable dues, fees, and other charges among members, issuers, and other persons using the Exchange's facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe the proposed rule change will impose any inappropriate burden on competition.

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

The Exchange did not solicit or receive written comments with respect to the proposed rule change.

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

The foregoing proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange and, therefore, has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and subparagraph (e) of Rule 19b-4⁸ thereunder. At any time within 60 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. Persons making written submissions should file six copies thereof with the

Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submissions, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any persons, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552 will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-Amex-98-2 and should be submitted by February 19, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39575; File No. SR-CBOE-97-68]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Changes by the Chicago Board Options Exchange, Inc. Relating to Continuing Education of Registered Persons

January 23, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on December 30, 1997, the Chicago Board Options Exchange, Inc. ("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 changes from interested persons.²

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission is concurrently publishing notice of parallel proposed rule changes from other self-regulatory organizations relating to continuing education for registered persons. See Securities Exchange Act Releases Nos. 39574 (NASD); 39576 (MSRB); and 39577 (NYSE).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4).

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(e).