

person of such a person, acting as principal, from knowingly selling to or purchasing from such registered company any security or other property. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (i) any person directly or indirectly owning, controlling, or holding with the power to vote, 5% or more of the outstanding voting securities of such other person; (ii) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with the power to vote, by such other person; (iii) any person directly or indirectly controlling, controlled by, or under common control with, such other person; and, (iv) if such other person is an investment company, any investment adviser thereof.

2. Rule 17a-8 under the Act generally exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions are satisfied.

3. Applicants state that they may not rely on rule 17a-8 in connection with the Acquisition because the Funds may be affiliated persons of each other by reasons other than those set forth in the rule. Principal Life may be deemed an affiliated person of an affiliated person of the Funds because its wholly-owned subsidiary serves as the investment adviser to the Funds. Moreover, Principal Life may be deemed an affiliated person of the Cash Management Fund Principal Life owns approximately 9% of the outstanding shares of the Cash Management Fund.

4. Section 17(b) of the Act authorizes the Commission to exempt a proposed transaction from section 17(a) of the Act if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policy of each registered investment company concerned and the general purposes of the Act.

5. Applicants request an order under section 17(b) of the Act exempting the Acquisition from section 17(a) of the Act. Applicants submit that the Acquisition satisfies the requirements of section 17(b) of the Act. Applicants note that the Boards of the Funds have determined that the Acquisition is in the best interest of the Funds and of the

shareholders of the Funds and that the Acquisition will not result in dilution of the interests of the existing shareholders of the Funds. Applicants state that the Acquisition is consistent with the principal investment objective of each Fund because each Fund operates as a money market fund and seeks to preserve capital and maintain liquidity by investing in short-term investments. Applicants state that neither Fund will incur any expenses in connection with the Acquisition because the Adviser has agreed to pay all these fees. Finally, applicants state that the exchange of the Tax-Exempt Fund's shares for shares of the Cash Management Fund will be based on relative NAVs, and, in the opinion of counsel to the Funds, no gain or loss will be recognized by either the Fund or its shareholders in connection with the Acquisition.

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

### Sunshine Act Meeting

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 meeting during the week of January 25, 1999.

A closed meeting will be held on Thursday, January 28, 1999, at 11:00 a.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)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Hunt, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Thursday, January 28, 1999, at 11:00 a.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution and settlement of injunctive actions.

At times, changes in Commission priorities require alternations 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 21, 1999.

**Jonathan G. Katz,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40955; File No. SR-Amex-98-47]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the American Stock Exchange, Inc., Relating to the Listing and Trading of Options on the Internet Commerce Index

January 19, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on December 21, 1998, the American Stock Exchange LLC ("Amex" on "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Amex.<sup>1</sup> 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 proposes to list and trade European-style, cash-settled options on the Internet Commerce Index ("Index"), an equal-dollar weighted, A.M.-settled new index developed by the Amex

<sup>1</sup> On December 21, 1998, the Amex replaced the filing's original Exhibit B, which lists the component securities of the Computer Hardware Index, with a new Exhibit B, which lists the component securities of the Internet Commerce Index. See Letter from Scott G. Van Hatten, Legal Counsel, Derivative Securities, Amex, to Yvonne Fraticelli, SEC, dated December 21, 1998. In addition, the Amex replaced the filing's original cover letter with a new cover letter indicating that the Amex is filing the proposal pursuant to Section 19(b)(3)(A) of the Act. See Letter from Scott G. Van Hatten, Legal Counsel, Derivative Securities, to Richard Strasser, Assistant Director, Division of Market Regulation ("Division"), SEC, dated December 18, 1998.