income attributable to such loan fully covers the transaction costs incurred in making such loan.

4. (a) All loans will be made with spreads no lower than those set forth in the schedule of spreads which will be established and may be modified from time to time by each Fund's full Board and by a majority of the Disinterested Directors (''Schedule of Spreads'').

(b) The Schedule of Spreads will set forth rates of compensation to the Fund that are reasonable and fair and that are determined in light of those considerations set forth in the application.

(c) The Schedule of Spreads will be uniformly applied to all Borrowers of the Fund's portfolio securities, and will specify the lowest allowable spread with respect to a loan of securities to any Borrower.

(d) If a security is loaned to an unaffiliated Borrower with a spread higher than the minimum set forth in the Schedule of Spreads, all comparable loans to an Affiliated Broker-Dealer will be made at no less than the higher spread.

(e) The Fund's Program will be monitored on a daily basis by an officer of the Fund who is subject to section 36(a) of the Act. This officer will review the terms of each loan to an Affiliated Broker-Dealer for comparability with loans to unaffiliated Borrowers and conformity with the Schedule of Spreads, and will periodically, and at least quarterly, report his or her findings to the Fund's Board, including a majority of the Disinterested Director.

5. The Fund's Board, including a majority of the Disinterested Directors, (a) will determine no less frequently than quarterly that all transactions with Affiliated Broker-Dealers effected during the preceding quarter were effected in compliance with the requirements of the procedures adopted by the Board and the conditions of the requested order and that such transactions were conducted on terms which were reaonsable and fair; and (b) will review no less frequently than annually such requirements and conditions for their continuing appropriateness.

6. The Funds will maintain and preserve permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) which are followed in lending securities and shall maintain and preserve for a period of not less than six years from the end of the fiscal year in which any loan occurs, the first two years in an easily accessible place, a written record of each loan setting forth the number of shares loaned, the face amount of the securities loaned, the fee received (or the rebate rate remitted), the identity of the Borrower, the terms of the loan and any other information or materials upon which the finding was made that each loan made to an Affiliated Broker-Dealer was fair and reasonable and that the procedures followed in making such loan were in accordance with the other undertakings set forth in the application.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–3774 Filed 2–16–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23690; 812–11504]

Sweig/Glaser Advisers, et al.; Notice of Application

February 11, 1999.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for exemption under section 6(c) of the Investment Company Act of 1940 (the ''Act'') from section 15(a) of the Act.

SUMMARY OF APPLICATION: Applicants seek an order to permit the implementation, without prior shareholder approval, of certain sub-advisory agreements in connection with the acquisition (''Acquisition'') of Zweig/Glaser Advisers (''Zweig/Glaser'') and Zweig Advisors Inc. (''Zweig,'' collectively with Zweig/Glaser, the ''Sub-advisers'') by Phoenix Investment Partners, Ltd. (''Phoenix''). The order would cover a period of up to 150 days following the later of: (i) the date on which the Acquisition is consummated (the ''Acquisition Date''), or (ii) the date on which the requested order is issued (but in no event later than July 23, 1999) (''Interim Period''). The order also would permit the Sub-advisers to receive all fees earned under the New Sub-advisory Agreements during the Interim Period following shareholder approval.

Applicants: The Sub-Advisers.

Filing Dates: The application was filed on February 9, 1999. Applicants have agreed to file an amendment to the application, the substance of which is reflected in this notice, during the notice period.

Hearing or Notification of Hearing: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 4, 1999, and should be accompanied by proof of service on applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

Addresses: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 900 Third Avenue, New York, NY 10022.

FOR FURTHER INFORMATION CONTACT: Janet M. Grossnickle, Attorney-Adviser, at (202) 942–0526, or Nadya B. Roytblat, Assistant Director, at (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202–942–8090).

Applicants' Representations

1. Zweig/Glaser, a New York general partnership, is an investment adviser registered under the Investment Advisers Act of 1940 (''Adivsers Act''). Zweig, a Delaware corporation, is an investment adviser registered under the Advisers Act.

2. Zweig/Glaser serves as the sub-adviser for the Zweig Asset Allocation Fund and the Sweig Equity (Small Cap) Fund (the ''Funds''), each a series of Legends Funds, Inc., an open-end management investment company registered under the Act.

3. Zweig serves as the sub-adviser for the Strategic Equity Series and the Multiple Allocation Series (the ''Portfolios''), each a series of the GCG Trust, an open-end management investment company registered under the Act. The Funds and the Portfolios are each referred to as an ''Investment Company'' and collectively, as the ''Investment Companies.'' The sub-advisory agreements currently in effect between the Sub-advisers and the Investment Companies are each referred to as an ''Existing Sub-advisory Agreement'' and collectively, as the ''Existing Sub-advisory Agreements.''

4. On December 15, 1998, the Sub-advisers entered into an acquisition

agreement with Phoenix, under which the Sub-advisers will be acquired by Phoenix. Phoenix, a Delaware corporation, is a diversified financial services company, and is an investment adviser registered under the Advisers Act. Applicants expect the Acquisition to be consummated on or about March 1, 1999.

5. Applicants state that the Acquisition will result in an assignment and thus the automatic termination of the Existing Sub-advisory Agreements. Applicants request an exemption to permit the implementation, without prior shareholder approval, of new sub-advisory agreements with respect to the Investment Companies (''New Sub-advisory Agreements''). The requested exemption will cover the Interim Period of not more than 150 days beginning on the later of the Acquisition Date or the date of the issuance of the requested order and continuing with respect to each Investment Company through the date on which each New Sub-advisory Agreement is approved or disapproved by the Investment Company's shareholders, but in no event after July 23, 1999. Applicants represent that the New Sub-advisory Agreements will contain substantially identical terms and conditions as the Existing Sub-advisory Agreements, except in each case for the effective dates, the termination dates, the escrow provisions discussed below and terms relating to a servicing agreement between the Sub-advisers and Zweig Consulting LLC (''Servicing Agreement''), a company formed by Dr. Martin E. Zweig.[1] Applicants further represent that each Investment Company will receive, during the Interim Period, the same investment sub-advisory services, provided in the same manner by substantially the same personnel, at the same fee levels as it received prior to the Acquisition.

6. Applicants state that the board of directors of each Investment Company (the ''Board'') will meet prior to the Applicant Date to consider approval of the New Sub-advisory Agreements and submission of the New Sub-advisory Agreements to the shareholders for their approval, in accordance with section 15(c) of the Act.[2] Applicants state that the Board will evaluate whether the terms of the New Sub-advisory Agreements, including the escrow provisions described below, are in the best interests of the Investment Companies and their shareholders.

7. Applicants submit that it will not be possible to obtain shareholder approval of the New Sub-advisory Agreements in accordance with section 15(a) of the Act prior to the Acquisition Date. Applicants state that each Investment Company will promptly schedule a meeting of shareholders to vote on the approval of the New Sub-advisory Agreements to be held within 150 days after the commencement of the Interim Period, but in of event later than July 23, 1999.

8. Applicants also request an exemption to permit the Sub-advisers to receive from each Investment Company all fees earned under the New Sub-advisory Agreements during the Interim Period, if and to the extent the New Sub-advisory Agreements are approved by the shareholders of each Investment Company.[3] Applicants propose to enter into an escrow arrangement with an unaffiliated financial institution (the ''Escrow Agent''). Advisory fees payable by the Investment Companies to the Sub-advisers under the New Sub-advisory Agreements during the Interim Period will be paid into an interest-bearing escrow account maintained by the Escrow Agent. The amounts in the escrow account (including interest earned on such paid fees) will be paid to the Sub-advisers only after the New Sub-advisory Agreements are approved by the shareholders of the relevant Investment Company in accordance with section 15(a) of the Act. If shareholder approval is not obtained and the Interim Period has ended, the Escrow Agent will return the escrow amounts to the appropriate Investment Company. Before the release of any such escrow amounts, the Boards will be notified.

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in pertinent part, that it shall be unlawful for any person to serve or act as an investment adviser of a registered investment company, except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of such registered investment company. Section 15(a) of the Act further requires that such written contract provide for its automatic termination in the event of its ''assignment.'' Section 2(a)(4) of the Act defines ''assignment'' to include any direct or indirect transfer of an investment advisory or investment sub-advisory contract by the assignor or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor.

2. Applicants state that the Acquisition will result in a transfer of a controlling block of outstanding voting securities or ownership of each of the Sub-advisers. Accordingly, applicants state that an assignment of the Existing Sub-advisory Agreements will occur and the Existing Sub-advisory Agreements will terminate by their own terms.

3. Rule 15a–4 under the Act provides, in pertinent part, that if an investment advisory contract with a registered investment company is terminated by an assignment, the adviser may continue to serve for 120 days under a written contract that has not been approved by the company's shareholders, provided that: (a) the new contract is approved by that company's board of directors (including a majority of the non-interested directors); (b) the compensation to be paid under the new contract does not exceed the compensation that would have been paid under the contract most recently approved by the company's shareholders; and (c) neither the adviser nor any controlling person of the adviser ''directly or indirectly receives money or other benefit'' in connection with the assignment. Applicants state that they cannot rely on rule 15a–4 because of the benefits to the Sub-advisers and their shareholders arising from the Acquisition.

[1] Applicant state that as of the Acquisition date, Dr. Zweig, an officer of each of the Sub-advisers, and certain of his associates will not continue their positions with the Sub-advisers. Applicants further state that Dr. Zweig and his associates have been involved in the Sub-adviser's provision of services to the Investment Companies. Applicants represent that the Sub-Advisers will enter into the Servicing Agreement with a company formed by Dr. Zweig, Zweig Consulting LLC, in order for the Investment Companies to continue to receive the services of Dr. Zweig and his associates. Applicants state that Zweig/Glaser is controlled by Eugene J. Glaser and Zweig Management Corp. Applicants further state that Zweig Management Corp., Zweig, and Zweig Consulting LLC are controlled by Dr. Zweig Management Corp., Zweig, and Zweig Consulting LLC are controlled by Dr. Zweig. Applicants represent that all fees that will be payable to Zweig Consulting LLC in connection with the services provided to the Investment Companies will be paid by the Sub-advisers. Zweig Consulting LLC, a New York limited liability company, is an investment adviser registered under the Advisers Act. All references to New-Sub-advisory Agreements in this notice include the Service Agreement.

[2] Applicants acknowledge that, to the extent that the Board of any Investment Company cannot meet to approve a New Sub-advisory Agreement prior to the Acquisition Date, such Investment Company may not rely on the exemptive relief requested in this application.

[3] Applicants state that if the Acquisition Date precedes issuance of the requested order, the Sub-advisers will continue to serve as sub-advisers after the Acquisition Date (and prior to the issuance of the order) in a manner consistent with their fiduciary duty to continue to provide advisory services to the Investment Companies even though approval of the New Sub-advisory Agreements has not yet been secured from the Investment Companies' shareholders. Applicants also state that the Investment Companies may be required to pay, with respect to the period until receipt of the order, no more than the actual out-of-pocket costs to the Sub-advisers for providing advisory services.

4. Section 6(c) provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such 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. Applicants believe that the requested relief meets this standard.

5. Applicants note that the form and timing of the Acquisition were determined in response to a number of factors beyond the scope of the Act and substantially unrelated to the Investment Companies. Applicants state that it is not possible for the Investment Companies to obtain shareholder approval of the New Sub-advisory Agreements prior to the Acquisition Date. Applicants submit that the Boards will meet to approve the New Sub-advisory Agreements prior to the Acquisition Date, in accordance with section 15(c) under the Act, and the shareholders of the Investment Companies will be further protected by the establishment of the escrow account described in the application.

6. Applicants submit that the Sub-advisers will take all appropriate steps to ensure that the scope and quality of advisory and other services provided to the Investment Companies during the Interim Period will be at least equivalent to the scope and quality of services previously provided. During the Interim Period, the Sub-advisers will operate under the New Sub-advisory Agreements, which will have substantially the same terms and conditions as the respective Existing Sub-advisory Agreements, except for the effective dates, the escrow provisions and terms relating to the Servicing Agreement. Applicants state that the fees to be paid during the Interim Period will not be greater than the fees currently paid by the Investment Companies. Applicants also assert that allowing the implementation of the New Sub-advisory Agreements will ensure that there will be no disruption to the investment program and the delivery of related services to the Investment Companies because the personnel that provide such services to the Investment Companies will remain substantially the same as before the Acquisition Date.

Applicant's Conditions

Applicants agree as conditions to the issuance of the exemptive order requested by the application that:

1. The New Sub-advisory Agreements to be implemented following the commencement of the Interim Period will be substantially the same as the respective Existing Sub-advisory Agreements, except for the effective dates, the termination dates, the escrow provisions and terms relating to the Servicing Agreement.

2. Fees payable to a Sub-adviser by an Investment Company for the period covered by the order will be maintained during the Interim Period in an interest-bearing escrow account (including interest earned on such amounts), and will be paid: (a) to the Sub-adviser after the requisite approval by shareholders is obtained; or (b) in the absence of such approval by the end of the Interim Period, to the relevant Investment Company.

3. Each Investment Company will promptly schedule a meeting of shareholders to vote on approval of the New Sub-advisory Agreements to be held within 150 days after the commencement of the Interim Period, but in no event later than July 23, 1999.

4. The Sub-advisers, not the Investment Companies, will pay the costs of preparing and filing the application and the costs relating to the solicitation of approval of the Investment Companies' shareholders of the New Sub-advisory Agreements.

5. The Sub-advisers will take all appropriate steps to ensure that the scope and quality of advisory and other services provided to the Investment Companies during the Interim Period will be at least equivalent, in the judgment of the respective Boards, including a majority of the directors who are not ''interested persons'' of the Investment Companies, as defined in section 2(a)(19) of the Act (''Disinterested Directors''), to the scope and quality of services they previously provided. In the event of any material change in the personnel providing services pursuant to the New Sub-advisory Agreements, the Sub-advisers will apprise and consult with the Boards of the affected Investment Companies in order to assure that the Boards, including a majority of the Disinterested Directors, are satisfied that the services provided will not be diminished in scope or quality.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–3830 Filed 2–16–99; 8:45 am]

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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 meetings during the week of February 15, 1999.

A closed meeting will be held on Thursday, February 18, 1999, at 11:00 a.m. An open meeting will be held on Friday, February 19, 1999, at 10:00 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, February 18, 1999, at 11:00 a.m., will be:

Institution and settlement of administrative proceedings of an enforcement nature.

Institution and settlement of injunctive actions.

Formal order of investigation.

Opinions.

The subject matter of the open meeting scheduled for Friday, February 19, 1999, at 10:00 a.m., will be:

(1) Consideration of whether to adopt revisions to Rule 701 of the Securities act to remove the $5 million aggregate offering price ceiling and set the maximum amount of securities that may be sold in a 12-month period to a more appropriate limit based upon the size of the issuer. The revised rule also would require specific disclosure from all issuers that sell more than $5 million in a 12-month period and harmonize the definition of consultant and advisor to the definition in Form S–8. For further information, please contact Richard K. Wulff at (202) 942–2950.

(2) Consideration of whether to adopt amendments to Securities Act Form S–8, the streamlined form companies use to register sales of securities to their employees, and Securities Act Form S–3. The amendments would: (a) restrict the use of Form S–8 for the sale of securities to consultants and advisors; (b) allow Form S–8 to be used for the