have to submit renewed certifications by September 30, 2000, in order for the Federal agencies to be able to continue to provide such authorized services after that date. Thereafter, the certifications must be renewed every five years in order for the Federal agencies to continue to provide the authorized services. In support of its certification, the State or local government, in its submission to the Federal agency, must outline how it solicited private sector interest in performing the service and must briefly explain the basis for its determination that it cannot procure the service, reasonably and expeditiously, through ordinary business channels. Each certification (including the certifications that are due by September 30, 2000, certifications for new services, and the five-year renewal certifications) must include up-to-date information regarding the ability of the State or local government to procure the requested service through ordinary business channels.

OMB estimates that it would take approximately 5 hours for a State or local government to collect the information requested, and would take approximately 2 hours for the State or local government to prepare and submit the information. OMB estimates that there will be 1500 submissions regarding currently-provided services to be submitted by September 30, 2000, and approximately 300 submissions for new services per year. The total burden estimate for currently provided services is 10,500 hours and 2,100 hours annually thereafter.

Comments are solicited concerning the proposed collection of information requirements to: (1) Evaluate whether the proposed collection of information is necessary for the proper functions of Circular A–97 including whether the information will have practical utility; (2) Evaluate the accuracy of the estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) Enhance the quality, utility, and clarity of the information to be collected; and (4) Minimize the burden on those who are to respond, such as using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses. Comments should be sent to the persons specified above (see **ADDRESSES**).

Jacob J. Lew,

Director.

OMB hereby proposes to further amend OMB Circular A–97, as proposed to be revised at 63 FR 2288, January 14, 1998, by revising paragraph 7.c. to read as follows:

7. Conditions Under Which Services May Be Provided

The specialized or technical services provided under Title III of the Act and this Circular may be provided only under the following conditions:

* * * * *

c. Such services will not be provided unless—

1. The agency providing the services is providing similar services for its own use and, if commercial in nature, are being provided in accordance with a cost comparison conducted under the policies set forth in the Office of Management and Budget's Circular No. A–76, ''Performance of Commercial Activities,'' (Revised August 3, 1983) and its March 1996 Revised Supplemental Handbook.

2. The requesting State or local government has certified that the requested service has been offered to private sector providers and cannot be procured reasonably and expeditiously through ordinary business channels. In order for a Federal agency to continue to provide a current service to a State or local government after September 30, 2000, the Federal agency must receive a renewed certification from the State or local government prior to that date. Thereafter, renewed certifications must be received every five years in order for a Federal agency to continue to provide the service. In support of its certification, the State or local government, in its submission to the Federal agency, must outline how it solicited private sector interest in performing the service and must briefly explain the basis for its determination that it cannot procure the service, reasonably and expeditiously, through ordinary business channels. Each certification (including the renewed certifications that are due by September 30, 2000, certifications in support of new requests, and the subsequent five-year renewal certifications) must include up-to-date information regarding the ability of the State or local government to procure the requested service through ordinary business channels. Each Federal agency must maintain an inventory of the services that it is providing to State and local governments, and must retain copies of the certifications. The inventories and certifications shall be publicly available upon request.

* * * * *

[FR Doc. 99–3882 Filed 2–17–99; 8:45 am]

BILLING CODE 3110–01–P

POSTAL SERVICE

Sunshine Act Meeting

TIMES AND DATES: 1:00, p.m., Monday, March 1, 1999; 8:30 a.m., Tuesday, March 2, 1999.

PLACE: Washington, D.C., at U.S. Postal Service Headquarters, 475 L'Enfant Plaza, S.W., in the Benjamin Franklin Room.

STATUS; March 1 (Closed); March 2 (Open).

MATTERS TO BE CONSIDERED;

Monday, March 1,—1:00 p.m. (Closed)

1. Filing with the Postal Rate Commission for Nonletter-size Business Reply Mail.
2. Strategic Alliance.
3. REMITCO Market Test Expansion.
4. Office of the Inspector General FY 1999 Performance Plan.

Tuseday, March 2—8:30 a.m. (Open)

1. Minutes of the Previous Meeting, February 1–2, 1999.
2. Remarks of the Postmaster General/Chief Executive Officer.
3. Briefing on the Year 2000.
4. Update on the Breast Cancer Research Semipostal Stamp.
5. Briefing on Celebrate the Century Stamp and Education Program.
6. Tentative Agenda for the March 29–30, 1999, meeting in Washington, D.C.

CONTACT PERSON FOR MORE INFORMATION: Thomas J. Koerber, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza, S.W., Washington, D.C. 20260–1000. Telephone (202) 268–4800.

Thomas J. Koerber,

Secretary.

[FR Doc. 99–4204 Filed 2–16–99; 3:25 p.m.]

BILLING CODE 7710–12–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–23691; 812–11240]

Scudder Kemper Investments, Inc., et al.; Notice of Application

February 11, 1999.

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

ACTION: Notice of an application under section 12(d)(1)(J) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 12(d)(1) of the Act, and under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

Summary of Application: Applicants request an order that would permit them to implement a ''fund of funds''

arrangement. The fund of funds would invest in funds in the same group of investment companies, and in funds that are not part of the same group of investment companies in reliance on section 12(d)(1)(F) of the Act. The order also would permit the fund of funds to offer its shares to the public with a sales load that exceeds the 1.5% limit of section 12(d)(1)(F)(ii) of the Act.

Applicants: Scudder Kemper Investments, Inc. (''Adviser''); Kemper Distributors, Inc. (''Distributor''); Farmers Investment Trust (''Trust''), on behalf of its series (Income Portfolio, Income with Growth Portfolio, Balanced Portfolio, Growth with Income Portfolio, and Growth Portfolio); and Investment Trust, on behalf of its series (Scudder Growth and Income Fund); Scudder Securities Trust, on behalf of its series (Scudder Small Company Value Fund); Scudder International Fund, Inc., on behalf of its series (Scudder International Fund); Kemper Value Series, Inc., on behalf of its series (Kemper-Dreman High Return Equity Fund); Scudder Portfolio Trust, on behalf of its series (Scudder Income Fund); Kemper U.S. Government Securities Fund; Kemper High Yield Series, on behalf of its series (Kemper High Yield Fund); and Cash Account Trust, on behalf of its series (Money Market Portfolio) (collectively, the ''Funds'').

Filing Dates: The application was filed on July 31, 1998, and an amendment to the application was filed on January 12, 1999. Applicants also have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 5, 1999, and should be accompanied by proof of service on the 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: Adviser, 345 Park Avenue, New York, NY 10154–0010; Trust, Distributor, and Funds, 222 South Riverside Plaza, Chicago, IL 60606–5808.

FOR FURTHER INFORMATION CONTACT: Timothy R. Kane, Senior Counsel, at (202) 942–0615, or Edward P. Macdonald, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

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 (telephone 202–942–8090).

Applicants' Representations

1. The Trust and the Funds are organized as either Massachusetts business trusts or Maryland corporations and are registered under the Act as open-end management investment companies. The Adviser is registered under the Investment Advisers Act of 1940 (''Advisers Act'') and serves as investment adviser to the Trust and the Funds.

2. Applicants request relief to permit the series of the Trust and any other registered open-end management investment company that is part of the same ''group of investment companies'' (as defined in section 12(d)(1)(G)(ii) of the Act) as the Trust (collectively, the ''Asset Allocation Funds''), to purchase shares of series of the Funds and other registered open-end management investment companies or series thereof that are part of the same ''group of investment companies'' as the Asset Allocation Funds (collectively, the ''Underlying Portfolios'').[1] The Asset Allocation Funds also would invest in other registered open-end management investment companies that are not part of the same group of investment companies as the Asset Allocation Funds (the ''Other Portfolios'') in reliance on section 12(d)(1)(F) of the Act, discussed below.

3. With respect to an Asset Allocation Fund's investment in Other Portfolios, applicants also seek an exemption from the sales load limitation in section 12(d)(1)(F) of the Act. Applicants state that the proposed structure of the Asset Allocation Funds will provide a consolidated and efficient means through which investors can have access to a comprehensive investment vehicle.

Applicants' Legal Analysis

A. Section 12(d)(1) of the Act

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities of another investment company if such securities represent more than 3% of the acquired company's outstanding voting stock, more than 5% of the acquiring company's total assets, or if such securities, together with the securities of any other acquired investment companies, represent more than 10% of the acquiring company's total assets. Section 12(d)(1)(B) of the Act provides that no registered open-end investment company may sell its securities to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 12(d)(1)(G) of the Act provides that section 12(d)(1) shall not apply to the securities of an acquired company purchased by an acquiring company if: (i) the acquiring company and the acquired company are part of the same group of investment companies; (ii) the acquiring company holds only securities of acquired companies that are part of the same group of investment companies, government securities, and short-term paper; (iii) the aggregate sales loads and distribution-related fees of the acquiring company and the acquired company are not excessive under rules adopted pursuant to section 22(b) or section 22(c) of the Act by a securities association registered under section 15A of the Securities Exchange Act of 1934, or the SEC; and (iv) the acquired company has a policy that prohibits it from acquiring securities of registered open-end investment companies or registered unit investment trusts in reliance on section 12(d)(1)(F) or (G). Section 12(d)(10(G)(ii) defines the term ''group of investment companies'' to mean any two or more registered investment companies that hold themselves out to investors as related companies for purposes of investment and investor services. Because the Asset Allocation Funds will invest in shares of the Other Portfolios, they cannot rely

[1] Applicants request relief for each existing or future registered open-end management investment company or series of such a company that is part of the same ''group of investment companies'' (as defined in section 12(d)(1)(G)(ii) of the Act) as the Trust, and (1) is, or will be advised by the Adviser or by any entity controlling, controlled by, or under common control with the Adviser; or (2) for which the Distributor or any entity controlling, controlled by, or under common control with the Distributor serves as principal underwriter. Each existing registered open-end management investment company that currently intends to rely on the order is named as an applicant. Any registered open-end management investment company that relies on the order in the future will do so only in accordance with the terms and conditions of the application.

on the exemption from section 12(d)(1)(A) and (B) afforded by section 12(d)(1)(G).

3. Section 12(d)(1)(F) of the Act provides that section 12(d)(1) shall not apply to securities purchased by an acquiring company if the company and its affiliates own no more than 3% of an acquired company's securities, provided that the acquiring company does not impose a sales load of more than 1.5% on its shares. In addition, section 12(d)(1)(F) provides that no acquired company is obligated to honor any acquiring company redemption request in excess of 1% of the acquired company's securities during any period of less than 30 days, and the acquiring company must vote its acquired company shares either in accordance with instructions from its shareholders or in the same proportion as all other shareholders of the acquired company. The Asset Allocation Funds will invest in Other Portfolios in reliance on section 12(d)(1)(F). If the requested relief is granted, shares of the Asset Allocation Funds will be sold with a sales load that exceeds 1.5%, subject to applicants' compliance with condition 3 of the application.

4. Section 12(d)(1)(J) of the Act provides that the SEC may exempt persons or transactions from any provision of section 12(d)(1) if and to the extent such exemption is consistent with the public interest and the protection of investors.

5. Applicants request relief under section 12(d)(1)(J) of the Act from the limitations of sections 12(d)(1)(A) and (B) to permit the Asset Allocation Funds to invest in the Underlying Portfolios and from section 12(d)(1)(F) to permit the Asset Allocation Funds to sell shares to the public with a sales load that exceeds 1.5%.

6. Applicants state that the Asset Allocation Funds' investments in the Underlying Portfolios do not raise the concerns about undue influence that sections 12(d)(1)(A) and (B) were designed to address. Applicants further state that the proposed conditions would appropriately address any concerns about the layering of sales charges or other fees.

7. The Asset Allocation funds will invest in Other Portfolios only within the limits of section 12(d)(1)(F). Applicants believe that an exemption from the sales load limitation in that section is consistent with the protection of investors because applicants' proposed sales load limit would cap the aggregate sales charges of the Asset Allocation Fund and the Other Portfolio in which it invests. Applicants have agreed, as a condition to the relief, that any sales charges, asset-based distribution and service fees relating to the Asset Allocation Funds' shares, when aggregated with any sales charges, asset-based distribution and service fees paid by the Asset Allocation Fund relating to its acquisition, holding, or disposition of shares of the Underlying Portfolios and Other Portfolios, will not exceed the limits set forth in rule 2830 of the Conduct Rules of the National Association of Securities Dealers, Inc. (''NASD Conduct Rules'').

B. Section 17(a) of the Act

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company from selling securities to, or purchasing securities from, the company. Section 2(a) (3) of the Act defines an ''affiliated person'' of another person to include: (a) Any person that directly or indirectly owns, controls, or holds with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) person directly or indirectly controlling, controlled by, or under common control with the other person; and (d) if the other person is an investment company, any investment adviser of that company. Applicants state that the Asset Allocation Funds and the Underlying Portfolios will be advised by the Adviser. As a result, applicants submit that the Asset Allocation Funds and Underlying Portfolios may be deemed to be affiliated persons of one another by virtue of being under the common control of the Adviser, or because the Asset Allocation Funds own 5% or more of the shares of an Underlying Portfolio. Applicants state that purchases and redemptions of shares of the Underlying Portfolios by the Asset Allocation Funds could be deemed to be principal transactions between affiliated person under section 17(a).

2. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that (a) the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

3. Section 6(c) of the Act provides that the SEC may exempt persons or transactions from any provision of the Act if 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 request an exemption under sections 6(c) and 17(b) of the Act to permit the Asset Allocation Funds to purchase and redeem shares of the Underlying Portfolios.

4. Applicants state that the terms of the proposed transactions will be reasonable and fair and will not involve overreaching because shares of Underlying Portfolios will be sold and redeemed at their net asset values. Applicants also state that the investment by the Asset Allocation Funds in the Underlying Portfolios will be effected in accordance with the investment restrictions of the Asset Allocation Funds and will be consistent with the policies as set forth in the registration statement of the Asset Allocation Funds.

Applicants' Conditions

Applicants agree that any order of the SEC granting the requested relief will be subject to the following conditions:

1. All Underlying Portfolios will be part of the same ''group of investment companies'' (as defined in section 12(d)(1)(G)(ii) of the Act) as the Asset Allocation Funds.

2. No Underlying Portfolio will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent that such Underlying Portfolio (a) receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the SEC permitting such Underlying Portfolio to (i) acquire securities of one or more affiliated investment companies for short-term cash management purposes; or (ii) engage in interfund borrowing and lending transactions. No Asset Allocation Fund will acquire securities of an Other Portfolio if, at the time of acquisition, the Other Portfolio owns securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

3. Any sales charges, distribution-related fees, and service fees relating to the shares of the Asset Allocation Funds, when aggregated with any sales charges, distribution-related fees, and service fees paid by the Asset Allocation

Funds relating to their acquisition, holding, or disposition of shares of the Underlying Portfolios and Other Portfolios, will not exceed the limits set forth in rule 2830 of the NASD Conduct Rules.

4. Before approving any advisory contract under section 15 of the Act, the board of trustees of the Asset Allocation Funds, including a majority of the trustees who are not ''interested persons'' (as defined in section 2(a)(19) of the Act), will find that the advisory fees charged under the contract are based on services provided that are in addition to, rather than duplicative of, services provided under any Underlying Portfolio or Other Portfolio advisory contract. This funding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Asset Allocation Funds.

5. Each Asset Allocation Fund's investments in Other Portfolios will comply with section 12(d)(1)(F) in all respects except for the sales load limitation of section 12(d)(1)(F)(ii).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–3957 Filed 2–17–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41033; File No. SR–CBOE–98–48]

Self-Regulatory Organizations; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 3 and 4 To Proposed Rule Change By the Chicago Board Options Exchange, Inc. Relating to the Exchange's Rapid Opening System

February 9, 1999.

I. Introduction

On November 4, 1998, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''Exchange'') submitted to the Securities and Exchange Commission (''SEC or ''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 implement a new Rapid Opening System (''ROS''). On December 9, 1998, the CBOE filed Amendment Nos. 1 and 2 to the proposed rule change.[3] The proposed rule change, as amended, was published for comment in the **Federal Register** on December 17, 1998.[4] The Commission received no comments regarding the proposal. On January 15, 1999, the CBOE filed Amendment No. 3 to the proposed rule change.[5] On February 9, 1999, the CBOE filed Amendment No. 4 to the proposed rule change.[6] This order approves the proposed ROS pilot until March 31, 2000, as amended. In addition, the Commission is publishing this notice to solicit comments on Amendment Nos. 3 and 4 to the proposed rule change and is simultaneously approving Amendment Nos. 3 and 4 on an accelerated basis.

II. Background

Some variation exists as to how different trading crowds on the CBOE handle opening rotations today, but generally a crowd conducts a reverse rotation under which it opens further out series first and nearer term series later.[7] Once a trading crowd sets the quotes for a particular series, the series will automatically lock in the Exchange's Electronic Book if there are market orders, or limit orders between the bid/ask. In an Order Book Official (''OBO'') crowd,[8] floor brokers and OBOs then announced their respective positions to the crowd for final price discovery. That particular series remains locked until the opening price is manually entered by the book staff. Open trading for the series, however, does not commence until all series in the class have undergone these same opening price discovery procedures. Depending on the volatility in the marketplace and the number of orders received, an opening rotation may take anywhere from a few minutes to a half hour to complete. During the rotation, new orders queue up and cannot be addressed until open trading begins. In light of such delays, the Exchange now proposes to conduct its opening electronically through ROS. The Exchange believes that ROS should allow the Exchange to transition into open trading much faster than under the current system and that the backlog of orders that sometimes develops during the opening should rarely, if every, occur.

III. Description of the Proposal

The CBOE proposes to adopt new CBOE Rule 6.2A, *Rapid Opening System*, and a related rule change to CBOE Rule 6.2 to govern the operation of, and the eligibility to participate in, the Exchange's new ROS. ROS would allow the Exchange to automate the opening of various option classes, thereby avoiding the lengthier opening rotations that can occur under the present circumstances when there is a large influx of orders entered before or during the opening rotation. As the opening occurs, fill reports on all participating orders would be generated automatically and immediately, opening market quotes and last sales would be disseminated, and market-makers would receive notification of assigned trades.

Because the new system allows quicker entry into open trading, the Exchange believes that ROS would serve all market participants. Currently, orders entered after the opening rotation begins are locked out. Such orders become subject to market risk as the quotes may change from the time the series is opened to the time the rotation is completed. The CBOE believes that ROS should enable the Exchange's market-makers to open option classes within seconds of the underlying security's opening.

Availability of ROS

The Exchange intends to introduce ROS to a few classes to test the proposed new system. The Exchange expects that soon after its introduction ROS will be implemented throughout the floor, wherever it may be accommodated. Pursuant to its authority under CBOE Rule 6.2, the appropriate Floor Procedure Committee (''FPC''), chairman, or designee may decide where ROS should be used. Once implemented, the Exchange expects ROS will be used routinely and daily for

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the Exchange replaced its original proposal. *See* Letter from Timothy Thompson, Director, Regulatory Affairs, Exchange, to Michael Walinskas, Deputy Associate Director, Division of Market Regulation (''Division''), Commission, dated December 8, 1998 (''Amendment No. 1''). In Amendment No. 2, the Exchange corrected technical errors in the proposal. *See* Letter from Timothy Thompson, Director, Regulatory Affairs, Exchange, to Michael Walinskas, Deputy Associate Director, Division, Commission, dated December 8, 1998 (''Amendment No. 2'').

[4] Securities Exchange Act Release No. 40780 (December 10, 1998), 63 FR 69696.

[5] In Amendment No. 3, the Exchange clarified the operation of the new electronic system. *See* Letter from Timothy Thompson, Director, Regulatory Affairs, Legal Department, exchange, to Michael Walinskas, Deputy Associate Director, Division, Commission, dated January 13, 1999 (''Amendment No. 3'').

[6] In Amendment No. 4, the Exchange further clarified the conduct of openings and priority under the new system and its intention to implement the system on a pilot basis. *See* Letter from Timothy Thompson, Director, Regulatory Affairs, Legal Department, Exchange, to Michael Walinskas, Deputy Associate Director, Division, Commission, dated February 9, 1999 (''Amendment No. 4'').

[7] *See* Amendment No. 3.

[8] The CBOE also uses Designated Primary Market Maker (''DPM'') crowds, where DPMs conduct some of the functions otherwise performed by an OBO.