followed. In addition, each Board will determine, no less frequently than annually, that the Joint Account has been operated in accordance with the proposed procedures and will permit a Fund to continue to participate therein only if it determines that there is a reasonable likelihood that the Fund and its shareholders will benefit from the Fund's continued participation.

11. The administration of the Joint Account will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g–1 under the Act.

12. Short-Term Investments held in the Joint Account generally will not be sold prior to maturity except if: (i) the Adviser believes the investment no longer presents minimal credit risks; (ii) the investment no longer satisfies the investment criteria of all participating Funds in the investment because of a downgrading or otherwise; or (iii) in the case of a repurchase agreement, the counterparty defaults. A Fund may, however, sell any Short-Term Investment (or any fractional portion thereof) prior to the maturity of the investment if the cost of such transaction will be borne solely by the selling Fund and the transaction will not adversely affect other Funds participating in the Short-Term Investment. In no case would an early termination by less than all participating Funds be permitted if it would reduce the principal amount or yield received by other Funds participating in a particular Short-Term Investment or otherwise adversely affect the other participating Funds. Each Fund participating in the Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

13. Short-Term Investments held through a Joint Account with a remaining maturity of more than seven days, as calculated pursuant to rule 2a–7 under the Act, will be considered illiquid and will be subject to the restriction that a Fund may not invest more than 15% or, in the case of a money market fund, more than 10% (or, in either case, such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities, if the Fund cannot sell the instrument, or the Fund's fractional interest in the instrument, pursuant to the preceding condition, or if the investment would otherwise be considered illiquid if held by a money market fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–23609 Filed 9–9–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–23990, 812–11468]

Liberty Funds Trust IX, et al.; Notice of Application

September 2, 1999.

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

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 15(a) of the Act and rule 18f–2 under the Act.

SUMMARY OF APPLICATION: Applicants, Liberty Funds Trust IX (the ''Trust'') and Liberty Asset Management Company (''Adviser''), request an order that would permit applicants to enter into and materially amend subadvisory agreements without obtaining shareholder approval.

FILING DATES: The application was filed on January 13, 1999, and amended on April 28, 1999. Applicants have agreed to file an amendment during the notice period, the substance of which is included 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 September 27, 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, NW, Washington, DC 20549–0609; Liberty Funds Trust IX, One Financial Center, Boston, MA 02111, and Liberty Asset Management Company, Federal Reserve Plaza, 600 Atlantic Avenue, Boston, MA 02210–2214.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Attorney-Advisor, at (202) 942–0549, or Michael W. Mundt, 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, NW, Washington, DC 20549–0102 (telephone 202–942–8090).

Applicants' Representations

1. The Trust, a Massachusetts business trust, is registered under the Act as an open-end management investment company currently offering one series, the Liberty All-Star Growth and Income Fund (''Fund'').[1]

2. The Adviser, registered under the Investment Advisers Act of 1940 (''Advisers Act''), serves as the investment adviser to the Fund pursuant to an investment advisory agreement (''Advisory Agreement''). Under the Advisory Agreement, the Adviser, subject to the supervision of the board of trustees of the Trust (the ''Board'') sets overall investment strategies for the Fund, recommends subadvisers for the Fund, allocates and reallocates the Fund's portfolio among two or more subadvisers, and monitors and evaluates the investment performance of the subadvisers, including their compliance with the Fund's investment objective, policies and restrictions. The Adviser pays the subadvisers' fees out of the fees the Adviser receives from the Fund.

3. Under subadvisory agreements between the subadvisers and the Fund (''Subadvisory Agreements''), the subadvisers' responsibility is limited to the investment management of the respective portions of the Fund's assets assigned to them by the Adviser and related recordkeeping and reporting. The Fund currently has five subadvisers. All subadvisers of the Fund are registered as investment advisers under the Advisers Act.

4. Applicants request an order to permit the Adviser to enter into and materially amend Subadvisory Agreements without obtaining shareholder approval. The requested relief will not extend to a subadviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Trust or

[1] Applicants also request relief with respect to future series of the Trust that are advised by the Adviser and operated in substantially the same manner as the Fund and that comply with the terms and conditions contained in the application (''Future Funds'').

the Adviser, other than by reason of serving as subadviser to the Fund or a Future Fund (''affiliated Subadviser'').

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except under a written contract approved by a majority of the investment company's outstanding voting shares. Rule 18f–2 under the Act provides that each series or class of stock in a series company affected by a matter must approve the matter if the Act requires shareholder approval.

2. Section 6(c) of the Act authorizes the Commission to exempt persons or transactions from the provisions of the Act to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants believe that their requested relief meets this standard for the reasons discussed below.

3. Applicants assert that the Fund's investors rely on the Adviser to select, monitor, and replace subadvisers best suited to manage the Fund's portfolio. Applicants represent that the Adviser has experience in performing these functions. Applicants submit that, from the perspective of an investor, the role of the subadvisers is comparable to that of individual portfolio managers employed by other investment company advisory firms. Applicants submit that the requested relief will allow the multi-manager structure of the Fund to operate more efficiently. Applicants note that the Advisory Agreement will remain subject to section 15(a) of the Act and rule 18f–2 under the Act.

Applicants' Conditions

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

1. Before a Future Fund may rely on the requested order, the operation of the Future Fund in the manner described in the application will be approved by its initial shareholder before shares of the Future Fund are made available to the public.

2. The Trust will disclose in its prospectus the existence, substance, and effect of any order granted pursuant to the application. In addition, the Fund and any Future Fund will hold itself out to the public as employing the sub-adviser structure described in the application. The prospectus with respect to the Fund and any Future Fund will prominently disclose that the Adviser is responsible for overseeing the subadvisers and recommending their hiring, termination, and replacement.

3. Neither the Fund nor any Future Fund will enter into a Subadvisory Agreement with any Affiliated Subadviser, without the Subadvisory Agreement, including the compensation to be paid under that Agreement, being approved by the shareholders of the applicable Fund.

4. At all times, a majority of the Board will be persons each of whom is not an ''interested person'' of the Fund or any Future Fund as defined in section 2(a)(19) of the Act (''Independent Trustees''), and the nomination of new or additional Independent Trustees will be at the discretion of the then-existing Independent Trustees.

5. No trustee of officer of the Trust or director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by the trustee, director, or officer) any interest in any subadviser, except for (i) ownership of interests in the Adviser or any other entity that controls, is controlled by, or is under common control with the Adviser; or (ii) ownership of less than one percent of the outstanding securities of any class of equity or debt of a publicly-traded company that is either a subadviser or any entity that controls, is controlled by, or is under common control with a subadviser.

6. When a change of a subadviser is proposed for the Fund or any Future Fund with an Affiliated Subadviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Board's minutes, that the change is in the best interests of the Fund or in the Future Fund and its shareholders and does not involve a conflict of interest from which the Adviser or the Affiliated Subadviser derives an inappropriate advantage.

7. Within 90 days of the hiring of a subadviser for the Fund or any Future Fund, its shareholders will be furnished all information about the subadviser that would be included in a proxy statement, including any change in such disclosure caused by the addition of the new subadviser. The Adviser will meet this condition by providing shareholders, within 90 days of the hiring of a subadviser, with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the Securities Exchange Act of 1934.

8. The Adviser, subject to review and approval by the Board, will provide general investment management services to the Fund and any Future Fund, including overall supervisory responsibility for the general management and investment of such Fund's portfolio. In this capacity, the Adviser will: (i) set overall investment strategies for the Fund; (ii) recommend subadvisers for the Fund; (iii) when appropriate allocate and reallocate the Fund's assets among subadvisers; and (iv) monitor and evaluate the investment performance of the subadvisers, including their compliance with the Fund's investment objective, policies, and restrictions.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–23608 Filed 9–9–99 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41822; File No. SR–CBOE–99–47]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc. To Increase the Size of Orders Eligible for Automatic Execution for Certain Classes of Options

September 1, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 23, 1999, the Chicago Board Options Exchange, Inc. (''CBOE'' or ''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 CBOE. On August 23, 1999, the CBOE submitted Amendment No. 1 to the proposed rule change.[3] 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 CBOE is proposing to increase the size limit of orders in certain classes of

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

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the CBOE makes additional representations regarding trading system and market maker capacity. *See* letter from Christopher R. Hill, Attorney, CBOE, to Michael A. Walinskas, Associate Director, Division of Market Regulation, Commission, dated August 20, 1999 (''Amendment No. 1'').