

based upon resulted in settlement, it believes that the same level of widespread support exists for making the service permanent, and that it should have no significant adverse impact on other mailers or competitors. Accordingly, the Postal Service believes there is a distinct possibility for settlement.⁸ The Postal Service requests that a settlement conference be scheduled as soon as possible following the deadline for intervention. *Id.* at 2.

IV. Commission Response

Intervention. Those wishing to be heard in this matter are directed to file a notice of intervention on or before November 10, 2005. The notice of intervention shall be filed using the Internet (Filing Online) at the Commission's Web site (<http://www.prc.gov>), unless a waiver is obtained for hardcopy filing. 39 CFR 3001.9(a) and 10(a). No decision has been made at this point on whether a hearing will be held in this case. Notices should indicate whether participation will be on a full or limited basis. See 39 CFR 3001.20 and 3001.20a.

Settlement. Given the Postal Service's representations that the proposal is widely supported and should not adversely affect competitors or other mailers, the Commission will authorize settlement negotiations in this proceeding. It appoints Postal Service counsel as settlement coordinator. In this capacity, Postal Service counsel shall file periodic reports on the status of settlement discussions. The Commission authorizes the settlement coordinator to hold a settlement conference on November 14–15, 2005. The Commission will make its hearing room available for this purpose upon request. Authorization of settlement discussions does not constitute a finding on the necessity of hearings in this case.

Prehearing conference. A prehearing conference will be held November 17, 2005, at 10 a.m. in the Commission's hearing room. Participants shall be prepared to identify any issue(s) that would indicate a need to schedule a hearing, along with other matters referred to in this ruling.

Conditional Motion for Waiver. Participants may comment on the Postal Service's conditional motion to waive certain filing requirements. Responses to the Postal Service's Motion for Waiver are due on or before November 17, 2005.

Representation of the general public. In conformance with section 3624(a) of title 39, the Commission designates

Shelley S. Dreifuss, director of the Commission's Office of the Consumer Advocate (OCA), to represent the interests of the general public in this proceeding. Pursuant to this designation, Ms. Dreifuss will direct the activities of Commission personnel assigned to assist her and, upon request, will supply their names for the record. Neither Ms. Dreifuss nor any of the assigned personnel will participate in or provide advice on any Commission decision in this proceeding.

V. Ordering Paragraphs

It is ordered:

The Commission establishes Docket No. MC2006–1, Parcel Return Service, to consider the Postal Service Request referred to in the body of this order.

1. The Commission will sit en banc in this proceeding.

2. Postal Service counsel is appointed to serve as settlement coordinator in this proceeding. The Commission will make its hearing room available upon request for a settlement conference on November 14–15, 2005, at such times as scheduled by the settlement coordinator.

3. Shelley S. Dreifuss, director of the Commission's Office of the Consumer Advocate, is designated to represent the interests of the general public.

4. The deadline for filing notices of intervention is November 10, 2005.

5. A prehearing conference will be held November 17, 2005, at 10 a.m. in the Commission's hearing room.

6. Responses to the Postal Service's Conditional Motion for Waiver of certain filing requirements are due on or before November 17, 2005.

7. The Secretary shall arrange for publication of this notice and order in the **Federal Register**.

By the Commission.

Issued: October 21, 2005.

Garry J. Sikora,

Acting Secretary.

[FR Doc. 05–21401 Filed 10–25–05; 8:45am]

BILLING CODE 7710-FW-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–27118; File No. 812–13195]

Ameritas Variable Life Insurance Company, et al.: Notice of Application

October 20, 2005.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of application for an order pursuant to Section 26(c) of the Investment Company Act of 1940 (the

“1940 Act” or “Act”) approving certain substitutions of securities and for an order of exemption pursuant to Section 17(b) of the Act from Section 17(a) of the Act.

Applicants: Ameritas Variable Life Insurance Company (“Ameritas”), Ameritas Variable Life Insurance Company Separate Account V (“Account V”) and Ameritas Variable Life Insurance Company Separate Account VA–2 (“Account VA–2”, together with Account V “Separate Accounts”) and Ameritas Investment Corp. (“Ameritas Investment”) (collectively, the “Applicants”).

Summary of Application: The Applicants request an order pursuant to Section 26(c) of the 1940 Act to permit the substitution of shares of Calvert Variable Series, Inc.'s Ameritas Portfolios (“Ameritas Portfolios”) Income & Growth Fund (“Ameritas Income & Growth” or “Replacement Fund”) for (a) shares of Alger American Leveraged AllCap—Class 0 Portfolio (“Alger AllCap”) of the Alger American Fund and (b) shares of Salomon Variable All Cap Portfolio (“Salomon Variable All Cap”) of the Salomon Brothers Variable Series Trust (Alger AllCap and Salomon Variable All Cap collectively, the “Substituted Portfolios”) currently held by the Separate Accounts. Applicants also request an order of exemption pursuant to Section 17(b) of the 1940 Act from the provisions of Section 17(a) of the Act to permit certain in-kind transactions in connection with the substitutions.

Filing Date: The application was filed on May 31, 2005 and amended and restated on September 12, 2005, September 29, 2005, October 3, 2005 and October 7, 2005.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested person may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, in person or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on November 14, 2005, 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 Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–9303.

⁸Request for Settlement Procedures at 1–2.

Applicants, c/o Kenneth W. Reitz, Ameritas Variable Life Insurance Company, 5900 "O" Street, Lincoln, NE 68501.

FOR FURTHER INFORMATION CONTACT: Joyce M. Pickholz, Senior Counsel, or William J. Kotapish, Assistant Director, Office of Insurance Products, Division of Investment Management at (202) 551-6795.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the Public Reference Branch of the Commission, 100 F Street, NE., Room 1580, Washington, DC 20549 (telephone (202) 551-5850).

Applicants' Representations

1. Ameritas is a stock life insurance company organized in the State of Nebraska currently licensed to sell life insurance in 49 states (all except New York) and in the District of Columbia. Ameritas is a wholly owned subsidiary of AMAL Corp. which is a direct subsidiary of Ameritas Life Insurance Corp. Ameritas Life Insurance Corp. is a subsidiary of Ameritas Acacia Mutual Holding Company.

2. Ameritas Investment, a Nebraska corporation, is registered as an investment adviser under the 1940 Act and as a broker-dealer under the Securities Exchange Act of 1934. Ameritas Investment is an affiliate of Ameritas. Ameritas Investment is the investment adviser of the Ameritas Portfolios and principal underwriter of the Contracts.

3. Account V is a separate account established by Ameritas under Nebraska law to fund variable life insurance contracts issued by Ameritas. Account VA-2 is a separate account established by Ameritas under Nebraska law to fund variable annuity contracts issued by Ameritas. Account V and Account VA-2 are registered under the 1940 Act as unit investment trusts (File Nos. 811-04473 and 811-05192 respectively). The variable life insurance contracts and variable annuity contracts issued through the Separate Accounts

(together, "Contracts") have been registered under the 1933 Act.

4. Calvert Variable Series, Inc. ("CVS") is registered under the 1940 Act as an open-end management investment company of the series type. The Ameritas Portfolios, including Ameritas Income and Growth, are series of CVS. CVS obtained an order pursuant to Section 6(c) of the 1940 Act exempting it and Ameritas Investment, as investment advisor, from Section 15(a) of the 1940 Act with respect to subadvisory agreements (the "Manager of Managers Order"). The Manager of Managers Order permits Ameritas Investment to replace any sub-adviser or to employ a new sub-adviser for each of its series without obtaining shareholder approval. At a meeting held on January 15, 2002, shareholders of each Ameritas Portfolio approved the implementation of procedures contemplated in the Manager of Managers Order. Fred Alger Management, Inc. is the subadviser to Ameritas Income & Growth.

5. Each of the Contracts permits its owners to allocate the Contract's accumulated value among numerous Subaccounts of the Separate Accounts. Each Subaccount invests exclusively in a different investment portfolio ("Fund") of an underlying mutual fund. Depending on the Contract, between twenty-one and thirty-six different Subaccounts (and corresponding funds) are currently available for this purpose.

6. Contract Owners can allocate accumulated Contract value to one or more Subaccounts and/or, where available, to the Fixed Account, subject to certain potential restrictions described in the application and in the prospectus relating to each Contract. No sales charge applies to any transfer of accumulated Contract value among Subaccounts. Applicants represent that the relief requested here will not affect any charge to which Contract Owners of any Contract would otherwise be subject, or affect any right or privilege to which such owners are otherwise entitled.

7. The Contracts expressly reserve to Ameritas the right to substitute shares of another investment company for shares

of an investment company held by a Subaccount of the Separate Accounts. Ameritas proposes to substitute shares of Ameritas Income and Growth for shares of (a) Alger AllCap and (b) Salomon Variable All Cap held by Subaccounts of the Separate Accounts (each a "Substitution" and together, the "Substitutions").

8. The investment objectives and principal investment policies of the Replacement Fund and the Substituted Portfolios are as follows: Ameritas Income & Growth primarily seeks to provide a high level of dividend income, with a secondary goal to provide capital appreciation, by investing in dividend paying equity securities, such as common or preferred stocks, preferably those which the subadviser believes also offer opportunities for capital appreciation. Alger AllCap seeks long-term capital appreciation by investing in equity securities of companies of any size which demonstrate promising growth potential. Salomon Variable All Cap seeks capital appreciation by investing primarily in securities which the manager believes have above-average capital appreciation potential. A secondary consideration is given to a company's dividend record and the potential for improved dividend return. Salomon Variable All Cap invests primarily in common stocks and common stock equivalents of large well known domestic companies, but may also invest a significant portion of its assets in securities of small to medium-sized companies and may invest in fixed income securities, convertible debt securities, securities of foreign issuers, and in non-dividend paying stocks.

9. Following is the comparative expense data for the Substitutions as of December 31, 2004. Applicants submit that each Substitution will result in a Replacement Fund with net expenses and management fees less than the Substituted Fund. Applicants also represent that there are no breakpoints in fund expenses for either the Substituted Funds or the Replacement Fund.

[In percent]

	Substituted fund Alger AllCap	Replacement fund Ameritas In- come & Growth	Substituted fund Salomon Vari- able All Cap	Replacement fund Ameritas In- come & Growth
Management Fees	0.85	0.74	0.75	0.74
Distribution and service (12b-1) fees				
Other Expenses	0.12	0.22	0.05	0.22
Total Expenses	0.97	0.96	0.80	0.96
Waivers		¹ 0.18		² 0.18

[In percent]

	Substituted fund Alger AllCap	Replacement fund Ameritas In- come & Growth	Substituted fund Salomon Vari- able All Cap	Replacement fund Ameritas In- come & Growth
Net Expenses	0.97	0.78	0.80	0.78

¹ Pursuant to a contractual agreement between Ameritas Portfolios and Ameritas Investment, Ameritas Investment, has agreed to waive fees or reimburse expenses so that Total Expenses do not exceed the rate shown in the table above through April 30, 2006. Management Fee includes both the investment advisory fee and administrative service fee. The administrative service fee is 0.05% of the fund's average daily net assets with a minimum of \$50,000.

² Supra, footnote 1.

10. The day-to-day manager of both the Substituted Alger AllCap Fund as its adviser and to the Replacement Ameritas Income & Growth Fund as its subadviser is Fred Alger Management, Inc.

11. Applicants note that Contract Owners with Subaccount balances invested in shares of the Replacement Funds will have lower total expense ratios than they currently have in the Substituted Funds. Moreover, there will be no increase in Contract fees and expenses including mortality and expense risk fees and administration and distribution fees charged to the Separate Accounts as a result of the Substitutions. Applicants believe that, if the proposed Substitutions are implemented, the core investment goals of affected Contract Owners will not be frustrated and the investment expectations of affected Contract Owners can continue to be met. Applicants expect that the Substitutions will provide significant benefits to Contract Owners, including improved selection of portfolio managers and simplification of fund offerings through the elimination of overlapping offerings.

Applicants state that Ameritas considered the performance history of the Substituted Funds and the Replacement Funds and determined that no Contract Owners would be materially adversely affected as a result of the Substitutions. Applicants believe that the Substitutions, each of which replaces outside funds with a fund for which Ameritas Investment acts as investment advisor, will permit Ameritas Investment, under a multi-manager order granted by the Commission and under shareholder approval previously obtained, to hire, monitor and replace subadvisers as necessary to seek optimal performance and to ensure a consistent investment style. Applicants further believe that the subadviser to the Replacement Fund is better positioned to provide consistent above-average performance for its Fund than the adviser or subadvisers of the Substituted Funds. Applicants state that

Contract Owners will continue to be able to select among a large number of funds, with a full range of investment objectives, investment strategies, and managers. Applicants believe there will also be a significant savings to Contract Owners because certain costs, such as the costs of printing and mailing lengthy periodic reports and prospectuses for the Substituted Funds will be substantially reduced.

12. Applicants represent that they will not receive, for three years from the date of the Substitutions, any direct or indirect benefits from the new fund, its advisors or underwriters, or from affiliates of the new funds, their advisors or underwriters, in connection with assets attributable to Contracts affected by the Substitutions, at a higher rate than Applicants have received from substituted funds, their advisors or underwriters, or from affiliates of substituted funds, their advisors or underwriters, including without limitation Rule 12b-1 fees, shareholder service or administrative or other service fees, revenue sharing or other arrangements (collectively "Revenue Arrangements"). Applicants represent that the substitutions and the selection of the new fund was not motivated by any financial consideration paid or to be paid to Applicants or any affiliate of Applicants by the new fund, its advisors, underwriters, or affiliates.

13. The proposed Substitutions will take place at relative net asset value with no change in the amount of any Contract Owner's Contract value, cash value, or death benefit or in the dollar value of his or her investment in the Separate Accounts. Applicants expect that the Substitutions will be effected by redeeming shares of a Substituted Fund and reinvesting the proceeds of such redemption in shares of the Replacement Fund through a combination of cash and "in kind" transactions.

14. Contract Owners will not incur any fees or charges as a result of the proposed Substitutions, nor will their rights or Ameritas' obligations under the Contracts be altered in any way. All

expenses incurred in connection with the proposed Substitutions, including brokerage, legal, accounting, and other fees and expenses, will be paid by Ameritas. In addition, the proposed Substitutions will not impose any tax liability on Contract Owners. The proposed Substitutions will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed Substitutions than before the proposed Substitutions. No fees will be charged on the transfers made at the time of the proposed Substitutions because the proposed Substitutions will not be treated as a transfer for the purpose of assessing transfer charges or for determining the number of remaining permissible transfers in a Contract year.

15. Following the date on which Ameritas is notified that the notice of the Application is to be published in the **Federal Register**, but before the date on which the order requested by the application becomes effective, Ameritas will send to affected Contract Owners notice ("Substitution Notice"). The Substitution Notice will inform affected Contract Owners of (a) the Effective Date of the Substitutions ("Effective Date"); (b) the right of each affected Contract Owner, under their Contract, to transfer contract values among the various Subaccounts; and (c) the fact that any such transfer involving a transfer from a substituted fund will not be subject to any administrative charge and will not count as one of the "free transfers" to which affected Contract Owners may otherwise be entitled. The Substitution Notice will also inform affected Contract Owners that (a) Ameritas will not exercise any rights reserved under any Contract to impose additional restrictions on transfers (other than with respect to "market timing" activity described in each Contract's prospectus) until at least 30 days after the proposed Substitutions; (b) for 30 days after the proposed Substitutions, Ameritas will permit affected Contract Owners to make transfers of Contract value (or annuity unit exchange) out of the

Replacement Fund Subaccount to another Subaccount without the transfer (or exchange) being treated as one of a limited number of transfers (or exchanges) permitted without a transfer charge.

16. Within five days after the Effective Date, Ameritas will also send affected Contract Owners a second written notice ("Confirmation Notice"). The Confirmation Notice will (a) confirm that the Substitutions were carried out; (b) reiterate that each affected Contract Owner may transfer all of the contract value or cash value under a Contract that is invested in a Substituted Fund to any other Subaccount available under their Contract without such transfer being subject to any administrative charge, or being counted as one of the "free transfers" (or one of the limited number of transfers) to which affected Contract Owners may be entitled under the Contracts; and (c) state that, other than with respect to "market timing" activity described above, Ameritas will not exercise any rights reserved by it under the Contracts to impose additional restrictions on transfers until at least 30 days after the Effective Date.

17. For those who were Contract Owners on the date of the proposed Substitutions, Ameritas and Ameritas Investment will reimburse, on the last business day of each fiscal period (not to exceed a fiscal quarter) during the twenty-four months following the date of the proposed Substitutions, the Subaccount investing in the Replacement Fund such that the sum of the Replacement Fund's operating expenses (taking into account fee waivers and expense reimbursements) and Subaccount expenses (asset-based fees and charges deducted on a daily basis from Subaccount assets and reflected in the calculation of Subaccount unit values) for such period will not exceed, on an annualized basis, the sum of the Replacement Fund's operating expenses (taking into account fee waivers and expense reimbursements) and Subaccount expenses for the fiscal year preceding the date of the proposed Substitutions. In addition, for twenty-four months following the proposed Substitutions, Ameritas and Ameritas Investment will not increase separate account fees or charges for Contracts outstanding on the date of the proposed Substitutions.

Applicants' Legal Analysis

1. Section 26(c) of the 1940 Act provides, in pertinent part, that "it shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such

security unless the Commission shall have approved such substitution." Section 26(c) of the 1940 Act also provides that the Commission shall issue an order approving such substitutions if the evidence establishes that the substitutions are consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

2. The Contracts expressly reserve to Ameritas the right, subject to compliance with applicable law, to substitute shares of another investment company for shares of an investment company held by a Subaccount of the Separate Accounts. Applicants assert that the prospectuses for the Contracts and the Separate Accounts contain appropriate disclosure of this right.

3. In each case, Applicants believe that it is in the best interests of the Contract Owners to substitute the Replacement Fund for the Substituted Fund. In this regard, Applicants contend that the proposed Replacement Fund for each Substituted Fund has an investment objective that is at least substantially similar to that of the Substituted Fund. Applicants also assert that the principal investment policies of the Replacement Funds are similar to those of the corresponding Substituted Funds. In addition, with respect to each proposed substitution, Applicants note that affected Contract Owners with balances invested in the Replacement Fund will have a lower or the same expense ratio in all cases.

4. Applicants anticipate that Contract Owners will be better off with the array of Subaccounts offered after the proposed Substitutions than they have been with the array of Subaccounts offered prior to the Substitutions. The proposed Substitutions retain for Contract Owners the investment flexibility which is a central feature of the Contracts. If the proposed Substitutions are carried out, all Contract Owners will be permitted to allocate purchase payment and transfer Contract values and cash values between and among approximately the same number of Subaccounts as they could before the proposed Substitutions. Moreover, the elimination of the costs of printing and mailing prospectuses and periodic reports of the Substituted Funds will benefit Contract Owners.

5. Applicants note that Contract Owners who do not wish to participate in a Replacement Fund will have an opportunity to reallocate their accumulated value among other available Subaccounts without the imposition of any charge or limitation (other than with respect to "market timing" activity).

6. Applicants assert that, for the reasons summarized above, the proposed Substitutions and related transactions meet the standards of Section 26(c) of the 1940 Act and that the requested order should be granted.

7. Sections 17(a)(1) and (2) of the 1940 Act prohibit an affiliated person of a registered investment company, or affiliated persons of any such affiliated person, or any principal underwriter for such company (collectively, "Transaction Affiliates") from selling a security to, or purchasing a security from, the registered investment company. Applicants may be deemed to be Transaction Affiliates of one another based upon the definition of "affiliated person" under Section 2(a)(3) of the 1940 Act. Because the Substitutions may be effected, in whole or in part, by means of in-kind redemptions and purchases, the Substitutions may be deemed to involve one or more purchases or sales of securities or property between Transaction Affiliates.

8. Section 17(b) provides that the Commission may grant an application exempting proposed transactions from the prohibitions of Section 17(a) if the terms of the proposed transaction are reasonable and fair and do not involve overreaching on the part of any person concerned; the transaction is consistent with the investment policies of each registered investment company concerned; and the transaction is consistent with the general purposes of the Act. Applicants state that the consideration to be paid by the Replacement Fund, and each of the Substituted Funds, will be fair and reasonable and will not involve overreaching because the Substitutions will not result in the dilution of the interests of any affected Contract Owners and will not effect any change in economic interest, Contract value or the dollar value of any variable contract held by an affected Contract Owner.

9. In addition, Applicants state that to the extent the Substitutions are effected by redeeming shares of the Substituted Funds and using the redemption proceeds to purchase shares of the Replacement Funds, the Substitutions will satisfy each of the procedural safeguards adopted by the Board of Directors responsible for each of the Ameritas Portfolios and the Substituted Funds, respectively under Rule 17a-7 under the 1940 Act.

Applicants' Conclusion

Applicants assert that for the reasons summarized above the proposed substitutions and transactions meet the standards of Section 26(c) of the Act and are consistent with the standards of

Section 17(b) of the Act and that the requested orders should be granted.

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

Jonathan G. Katz,
Secretary.

[FR Doc. E5-5944 Filed 10-25-05; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52646; File No. SR-Amex-2005-068]

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval of Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to Amendments to Amex Rules 26 and 27

October 20, 2005.

On June 17, 2005, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“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: (i) Combine the Equities, Options and Special Allocations Committees into a single Allocations Committee; (ii) change the composition of the new Allocations Committee; and (iii) provide the Performance Committee with sole authority to reallocate securities in connection with specialist unit transfers resulting from business transactions. On June 30, 2005, Amex filed Amendment No. 1 to the proposed rule change.³ On August 19, 2005, Amex filed Amendment No. 2 to the proposed rule change.⁴ The proposed rule change, as amended, was published for comment in the **Federal Register** on September 1, 2005.⁵ The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

The proposed rule change would combine the existing Equity, Options

and Special Allocations Committees into a single Allocations Committee for equities, options and other listed securities. The proposal would create a single Allocations Committee consisting of the Chief Executive Officer (or his or her designee⁶), a representative of an upstairs member firm and either: (i) Four (4) brokers for equities and other securities admitted to trading on the Exchange except for Exchange Traded Funds and options; (ii) two (2) brokers and two (2) Registered Traders for ETFs; or (iii) two (2) brokers and two (2) Registered Options Traders for options. The Chief Executive Officer (or his or her designee) would chair the Allocations Committee and would not vote except to make or break a tie. In the absence of the Chief Executive Officer (or his or her designee), a Floor Governor or a Senior Floor Official may chair the Allocation Committee. In addition, the Exchange proposes to permit the Performance Committee to reallocate securities in connection with specialist unit transfers resulting from business transactions.

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of section 6 of the Act,⁷ and the rules and regulations thereunder applicable to a national securities exchange.⁸ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act,⁹ which requires, among other things, that the Exchange’s rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Commission believes that, by combining the Equities, Options and Special Allocations Committees into a single Allocations Committee and streamlining the composition of the Allocations Committee, the proposed rule change is designed to reduce potential inefficiencies in connection

with the securities allocation process. In addition, the Commission believes that, by providing the Performance Committee with the sole authority to reallocate securities in connection with specialist unit transfers, the proposed rule change is designed to streamline the reallocation process in these special circumstances.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,¹⁰ that the proposed rule change (SR-Amex-2005-068), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Jonathan G. Katz,
Secretary.

[FR Doc. E5-5946 Filed 10-25-05; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-52639; File No. SR-BSE-2005-41]

Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Change To Establish Certain Fees With Respect to Transactions Executed Through the Intermarket Trading System

October 19, 2005.

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 September 9, 2005, the Boston Stock Exchange, Inc. (“BSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I and II below, which Items have been prepared by the BSE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons, and is approving the proposal on an accelerated basis.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to enter into arrangements with other national securities exchanges to pass certain fees they have collected from members for transactions executed on another exchange through the Intermarket Trading System (“ITS”). This proposal

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange made a technical correction to the proposed amendment to Amex Rule 26 and proposed to amend Amex Rule 27 to reflect that, in the case of an equity security, the list of qualified specialists shall consist of five specialists.

⁴ In Amendment No. 2, the Exchange proposed to amend Amex Rule 27 to clarify: (1) the composition of the Allocations Committee for equities and other securities admitted to trading on the Exchange except Exchange Traded Funds (“ETFs”) and options; and (2) that the Allocations Committee may be chaired by the Chief Executive Officer’s designee.

⁵ See Securities Exchange Act Release No. 52334 (August 25, 2005), 70 FR 52146.

⁶ The Exchange represents that the designee of the Chief Executive Officer would be an Exchange employee knowledgeable about the securities business and capable of representing the views of the Chief Executive Officer. Telephone conversation of October 12, 2005, between Jeffery Burns, Associate General Counsel, Amex, and David Michehl, Attorney, Division of Market Regulation, Commission.

⁷ 15 U.S.C. 78f(b).

⁸ In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.