potential changes to the agenda, etc., that may have occurred.

Dated: September 11, 1996.

Sam Duraiswamy,

Chief, Nuclear Reactors Branch.

[FR Doc. 96–23762 Filed 9–16–96; 8:45 am]

BILLING CODE 7590–01–P

Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Nuclear Regulatory Commission.

DATE: Weeks of September 16, 23, 30 and October 7, 1996.

PLACE: Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public and Closed.

MATTERS TO BE CONSIDERED:

Week of September 16

There are no meetings scheduled for the week of September 16.

Week of September 23—Tentative

There are no meetings scheduled for the week of September 23.

Week of September 30—Tentative

Thursday, October 3

1:00 p.m.
Affirmation Session (Public Meeting) (if needed)

Week of October 7—Tentative

Monday, October 7

2:00 p.m.
Briefing on Site Decommissioning Management Plan (SDMP) (Public Meeting) (Contact: Mike Webber, 301–415–7297)

Wednesday, October 9

11:30 a.m.
Affirmation Session (Public Meeting) (if needed)

The Schedule for Commission meetings is subject to change on short notice. To verify the status of meetings call (recording)—(301) 415–1292. Contact person for more information: Bill Hill (301) 415–1661.

ADDITIONAL INFORMATION:

By a vote of 4–0 on September 9, the Commission determined pursuant to U.S.C. 552b(e) and 10 CFR Sec. 9.107(a) of the Commission's rules that ''Discussion of Management and Personnel Issues'' (Closed—Ex. 2 and 6) be held on September 9, and on less than one week's notice to the public.

* * * * *

The NRC Commission Meeting Schedule can be found on the Internet at:

http://www.nrc.gov/SECY/smj/schedule.htm

This notice is distributed by mail to several hundred subscribers: if you no longer wish to receive it, or would like to be added to it, please contact the Office of the Secretary, Attn: Operations Branch, Washington, D.C. 20555 (301)–415–1661).

In addition, distribution of this meeting notice over the internet system is available. If you are interested in receiving this Commission meeting schedule electronically, please send an electronic message to wmh@nrc.gov or dkw@nrc.gov.

* * * * *

Dated: September 12, 1996.

William M. Hill, Jr.,

SECY Tracking Officer, Office of the Secretary.

[FR Doc. 96–23907 Filed 9–13–96; 12:01 pm]

BILLING CODE 7590–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22212; File No. 812–10088]

John Hancock Declaration Trust, et al.; Exemption Application

September 10, 1996.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''1940 Act'').

APPLICANTS: John Hancock Declaration Trust (the ''Trust'') and John Hancock Advisers, Inc. (the ''Adviser'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to the extent necessary to permit shares of any current or future series of the Trust and shares of any other investment company that is designed to fund variable insurance products and for which the Adviser, or any of its affiliates, may serve as investment advisor, administrator, manager, principal underwriter or sponsor (collectively, with the Trust, the ''Funds'') to be sold to and held by: (a) variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (the ''Participating Insurance Companies''); and (b) certain qualified pension and retirement plans outside of the separate account context (the ''Eligible Plans'').

FILING DATE: The application was filed on April 17, 1996, and amended on August 29, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing on this application by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on October 7, 1996 and 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 may request notification of the date of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, John Hancock Declaration Trust, c/o Anne C. Hodsdon, President, 101 Huntington Avenue, Boston, Massachusetts, 02199.

FOR FURTHER INFORMATION CONTACT: Martha H. Platt, Senior Attorney, or Patrice Pitts, Special Counsel, Office of Insurance Products, Division of Investment Management, at (202) 942–0670.

SUPPLEMENTARY INFORMATION: Following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the SEC.

Applicants' Representations

1. The Trust is a Massachusetts business trust registered under the 1940 Act as an open-end diversified management investment company. The Trust's registration statement on Form N–1A was declared effective on August 12, 1996. The Trust currently is composed of ten separate portfolios: John Hancock V.A. International Fund; John Hancock V.A. Emerging Growth Fund; John Hancock V.A. Discovery Fund; John Hancock V.A. Diversified Core Equity Fund; John Hancock V.A. Sovereign Investors Fund; John Hancock V.A. 500 Index Fund; John Hancock V.A. Sovereign Bond Fund; John Hancock V.A. Strategic Income Fund; John Hancock V.A. Global Income Fund; and John Hancock V.A. Money Market Fund. Additional portfolios may be added in the future.

2. The Adviser is registered with the SEC under the Investment Advisers Act of 1940, and will be the investment manager for each of the Trust's portfolios. The Adviser is an indirectly wholly-owned subsidiary of the John Hancock Mutual Life Insurance Company. The Adviser has engaged other registered investment advisers (''Sub-Advisers'') to conduct the investment programs of certain Trust

portfolios and has entered into investment sub-advisory agreements with each Sub-Adviser.

3. The Trust intends to offer its shares to separate accounts (''Separate Accounts''), of both affiliated and unaffiliated insurance companies, supporting variable annuity and variable life insurance contracts. Insurance companies whose separate accounts will own shares of one or more portfolios of the Funds are referred to herein as ''Participating Insurance Companies.'' Each Participating Insurance Company will have the legal obligation of satisfying all requirements applicable to it under the federal securities laws in connection with any variable contract which it issues.

4. The Trust also intends to offer one or more portfolios of its shares directly to Eligible Plans. The Funds' shares sold to Eligible Plans which are subject to the Employee Retirement Income Security Act of 1984, as amended, may be held by the trustee(s) of the Eligible Plans.

5. The Adviser has no plans to offer investment advisory services to Eligible Plans or Eligible Plan participants (''Participants''), and will not act as investment adviser to any of the Eligible Plans that will purchase shares of the Trust.

Applicants' Legal Analysis

1. In connection with scheduled premium variable life insurance contracts invested in a separate account registered under the 1940 Act as a Unit investment trust, Rule 6e–2(b)(15) provides partial exemptions from Sections 9(a), 13(a), 15(a), and 14(b) of the 1940 Act. Rule 6e–2(b)(15), paragraphs (i) and (ii) provide partial conditional exemptions from Section 9(a) of the 1940 Act, and Rule 6e–2(b)(15)(iii) provides a partial exemption from Sections 13(a), 15(a), and 15(b) of the 1940 Act to the extent those sections have been deemed by the Commission to require ''pass-through'' voting with respect to an underlying fund's shares.

2. The exemptions granted by Rule 6e–2(b)(15) are available only where all of the assets of the separate account consist of the shares of one or more registered management investment companies which offer their shares ''exclusively to variable life insurance separate accounts of the life insurer, or of any affiliated life insurance company.'' Therefore, the relief granted by Rule 6e–2(b)(15) is not available with respect to a scheduled premium variable life insurance separate account that owns shares of a management company that also offers its shares to a variable annuity separate account or a flexible premium variable life insurance separate account of the same company or any affiliated insurance company. The use of a common management investment company as the underlying investment medium for both variable annuity and variable life insurance separate accounts is referred to herein as ''mixed funding.'' In addition, the relief granted by Rule 6e–2(b)(15) is not available if shares of the underlying management company are offered to variable annuity or variable life insurance separate accounts of unaffiliated life insurance companies. The use of a common management investment company as the underlying investment medium for separate accounts of unaffiliated insurance companies is referred to herein as ''shared funding.''

3. In connection with flexible premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a unit investment trust, Rule 6e–3(T)(b)(15) provides partial exemptions from Section 9(a), and from Sections 13(a), 15(a), and 15(b) of the 1940 Act to the extent that those sections have been deemed by the Commission to require ''pass-through'' voting with respect to an underlying Fund's shares. The exemptions granted by Rule 6e–3(T)(b)(15) are available only where all of the assets of the separate account consist of the shares of one or more registered management investment companies which offer their shares exclusively to separate accounts of the life insurer, or any affiliated life insurance company offering either scheduled premium variable life insurance contracts or flexible premium variable life insurance contracts, or both; or which also offer their shares to variable annuity separate accounts of the life insurer or of an affiliated life insurance company. Therefore, Rule 6e–3(T)(b)(15) permits mixed funding for flexible premium variable life insurance. However, Rule 6e–3(T) does not permit shared funding, because the relief granted by Rule 6e–3(T)(b)(15) is not available with respect to a flexible premium variable life insurance separate account that owns shares of a management company that also offers its shares to separate accounts (including flexible premium variable life insurance separate accounts) of unaffiliated life insurance companies.

4. Applicants state that the relief granted by the existing Rules 6e–2(b)(15) and 6e–3(T)(b)(15) is not affected by the purchase of shares of the Funds by an Eligible Plan. Applicants also state that exemptive relief is requested with respect to sale of shares to Eligible Plans because the separate accounts investing in the Funds are themselves investment companies seeking relief and do not wish to be denied such relief if the Funds sell shares to Eligible Plans.

5. Rules 6e–2(B)(15)(i) and 6e–3(T)(b)(15)(i) provide, in effect, that the eligibility restrictions of Section 9(a) do not apply to an officer, director, or employee of an insurance company or any of its affiliates, who does not participate directly in the management or administration of the underlying fund. Rules 6e–2(b)(15)(ii) and 6e–3(T)(b)(15)(ii) provide, in effect, that the fact that any individual disqualified under Section 9(a) (1) or (2) is affiliated with the insurance company would not, by virtue of Section 9(a)(3), disqualify the insurance company from serving in any capacity with respect to an underlying fund, provided that the disqualified individual did not participate directly in the management or administration of the fund.

6. The partial relief granted in Rules 6e–2(b)(15) and 6e–3(T)(b)(15) from the requirements of Section 9 limits the amount of monitoring necessary to ensure compliance with Section 9 to that which is appropriate in light of that Section's policy and purposes. Applicants state that those Rules recognize that it is not necessary for the protection of investors or the purposes fairly intended by the policy and provisions of the 1940 Act to apply the provisions of Section 9(a) to individuals in a large insurance company complex, most of whom will have no involvement in matters pertaining to investment companies managed, administered, or invested in by that organization. Those individuals who participate in the management or administration of the Funds will remain the same regardless of which separate accounts or insurance companies use the Funds. Accordingly, Applicants state that applying the requirements of Section 9(a) because of investment by other insurers' separate accounts would be unjustified and would not serve any regulatory purpose. Therefore, Applicants submit that it is unnecessary to apply section 9(a) to individuals in various unaffiliated insurance companies (or affiliated companies of Participating Insurance Companies) that may utilize a Fund as the funding medium for variable contracts. Additionally, Applicants state that for the same reasons as set forth above with respect to investments by separate accounts, there is no regulatory purpose to be served in extending the monitoring requirements because of investment in the Funds by Plans.

7. Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) assume the existence of a pass-through voting requirement with respect to management investment company shares held by a separate account. Pass-through voting privileges will be provided with respect to all contract owners so long as the Commission interprets the 1940 Act to require pass-through voting privileges for contract owners.

8. Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) provide exemptions from the pass-through voting requirement with respect to several significant matters, assuming the limitations on mixed and shared funding are observed. Rules 6e–2(b)(15)(iii)(A) and 6e–3(T)(b)(15)(iii)(A)(1) provide that the insurance company may disregard the voting instructions of its contract owners with respect to the investments of an underlying fund or any contract between a fund and its investment adviser, when required to do so by an insurance regulatory authority (subject to the provisions of paragraphs (b)(5)(i) and (b)(7)(ii)(A) of the Rules). Rules 6e–2(b)(15)(iii)(B) and 6e–3(T)(b)(15)(iii)(A)(2) provide that the insurance company may disregard the voting instructions of contract owners in favor of any change in such company's investment policies, principal underwriter, or any investment adviser (subject to the other provisions of paragraphs (b)(5)(ii) and (b)(7)(ii) (B) and (C) of the Rules).

9. The prohibitions on mixed and shared funding might reflect concerns regarding possible divergent interests between or among different classes of investors. However, Applicants state that the possibility of divergent interest should not be increased substantially by virtue of mixed and shared funding or investment by Eligible Plans, and further that compliance with the conditions set forth below will minimize the risk that a divergence of interests will result in any adverse impact upon investors.

10. Applicants submit that there is no reason why the investment policies of any portfolio of the Funds would or should be materially different from what it would or should be if it funded only annuity contracts or only scheduled or flexible premium life insurance contracts. Each type of insurance product is designed as a long-term investment program. The Funds' portfolio swill not be managed to favor or disfavor any particular Participating Insurance Company or type of insurance product. There is no reason to believe that different features of various types of contracts, including the ''minimum death benefit'' guarantee under certain variable life insurance contracts, will lead to different investment policies for different types of variable contracts. To the extent that the degree of risk may differ as between variable annuity contracts and variable life insurance contracts, the differing insurance charges imposed, in effect, adjust any such differences and equalize the insurers' exposure in either case. No one investment strategy can be identified as appropriate to a particular insurance product. Each pool of variable annuity contract owners and variable life insurance contract owners is composed of individuals of diverse financial status, age, and insurance and investment goals. A fund supporting even one type of insurance product must accommodate those factors in order to attract and retain purchasers.

11. Applicants note that while there are differences in the manner in which distributions from variable contracts and Eligible Plans are taxed, these differences will have no impact on the Funds and therefore the tax consequences do not raise any conflicts of interest. When distributions are to be made, and a Separate Account or Eligible Plan is unable to net purchase payments to make the distributions, the Separate Account and Eligible Plan will redeem shares of the Funds in the same manner and using the same procedures as each other. Each will redeem shares of the Funds at their net asset value in conformity with Rule 22c–1 under the 1940 Act (without the imposition of any sales charge) to provide proceeds to meet distribution needs. An Eligible Plan will make distributions in accordance with the terms of the Eligible Plan. A Participating Insurance Company will make distributions in accordance with the terms of the variable contract. Distributions and dividends will be declared and paid by the Funds without regard to the character of the shareholder. Based upon the foregoing, Applicants have concluded that the tax consequences of distributions from variable contracts and Eligible Plans do not raise any conflicts of interest with respect to the use of the Funds.

12. In connection with any meeting of shareholders, the Funds will inform each shareholder, including each Separate Account and Eligible Plan, of information necessary for the meeting. A Participating Insurance Company will then solicit voting instructions consistent with the ''pass-through'' voting requirement. Separate Accounts and Eligible Plans will each have the opportunity to exercise voting rights with respect to their shares in the Funds, although only the Separate Accounts are required to follow the pass-through voting procedure. The voting rights provided to Eligible Plans with respect to shares of the Fund would be no different from the voting rights that are provided to Eligible Plans with respect to shares of mutual funds sold to the general public.

13. Applicants submit that there are no conflicts between contract owners of Separate Accounts and Participants with respect to the state insurance commissioners' veto powers over investment objectives. The state insurance commissioners have been given the veto power in recognition of the fact that insurance companies usually cannot simply redeem their separate accounts out of one fund and invest in another. Generally, time-consuming, complex transactions must be undertaken to accomplish such redemptions and transfers. Conversely, the trustees of Eligible Plans or Participants in participant-directed Eligible Plans can make the decision quickly and implement the redemption of their shares from the Funds and reinvest in another funding vehicle without the same regulatory impediments or, or is the case with most Eligible Plans, even hold cash pending suitable investment. Based on the foregoing, Applicants have concluded that even if there should arise issues where the interests of contract owners and the interests of Eligible Plans are in conflict, the issues can be almost immediately resolved in that the trustees of the Eligible Plans can, on their own, redeem the shares out of the Funds.

14. Applicants submit that there is no greater potential for material irreconcilable conflicts arising between the interests of Participants and contract owners of Separate Accounts from possible future changes in the federal tax laws than that which already exists between variable annuity contract owners and variable life insurance contract owners.

15. Applicants state that the ability of the Funds to sell their shares directly to Eligible Plans does not create a ''senior security,'' as such term is defined under Section 18(g) of the 1940 Act, with respect to any contract owner as opposed to a Participant. ''Senior security'' is defined under Section 18(g) of the 1940 Act to include ''any stock of a class having priority over any other class as to distribution of assets or payment of dividends.'' As noted above, regardless of the rights and benefits of Participants or contract owners under variable annuity and variable life insurance contracts, the Eligible Plans and the variable annuity separate

accounts and variable life insurance separate accounts only have rights with respect to their respective shares of the Funds. They can only redeem such shares at their net asset value. No shareholder of the Funds has any preference over any other shareholder with respect to distribution of assets or payment of dividends.

16. Applicants state that various factors have kept more insurance companies from offering variable annuity contracts and variable life insurance contracts than currently offer such contracts. These factors include the costs of organizing and operating a funding medium, the lack of expertise with respect to investment management (principally with respect to stock and money market investments), and the lack of name recognition by the public as investment experts to whom the public feels comfortable entrusting their investment dollars. For example, some smaller life insurance companies may not find it economically feasible, or within their investment or administrative expertise, to enter the variable contract business on their own. Use of a Fund as a common investment medium for variable contracts would reduce or eliminate these concerns.

17. Mixed and shared funding, as well as investment in the Funds by Eligible Plans, should provide several benefits to contract owners. The Separate Accounts of Participating Insurance Companies will benefit only from the investment and administrative expertise available through the Funds, but also from the cost efficiencies and investment flexibility afforded by a larger pool of funds. It would permit a greater amount of assets available for investment, thereby promoting economies of scale, permitting greater diversification, and making the addition of new portfolios more feasible. Additionally, making the Funds available for mixed and shared funding will encourage more insurance companies to offer variable contracts, an this should result in increased competition with respect to both various contract design and pricing, which can be expected to result in more product variation and lower charges.

Applicants' Conditions

If the requested Order is granted, Applicants consent to the following conditions:

1. A majority of the Board of Trustees or Directors of each Fund (each, a ''Board'') will consist of persons ho are not ''interested persons'' of that Fund, as defined by Section 2(a)(19) of the 1940 Act and the rules thereunder and as modified by any applicable orders of the Commission, except that if this condition is not met by reason of the death, disqualification, or bona fide resignation of any trustee(s) or director(s), then the operation of this condition will be suspended: (a) for a period of 45 days if the vacancy or vacancies may be filled by the Board; (b) for a period of 60 days if a vote of shareholders is required to fill the vacancy or vacancies; or (c) for such longer period as the Commission may prescribe by order upon application.

2. The Boards will monitor their respective Funds for the existence of any material irreconcilable conflict among the interests of contract owners of all Separate Accounts and the interests of Participants under Eligible Plans investing in the respective Funds. An irreconcilable material conflict may arise for a variety of reasons, including: (a) an action by any state insurance regulatory authority; (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or a public ruling, private letter ruling, no-action or interpretative letter, or any similar action by insurance, tax, or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investment of any portfolio of the Funds are being managed; (e) a difference in voting instructions given by variable annuity contract owners and variable life insurance contract owners; (f) a decision by a Participating Insurance Company to disregard the voting instructions of contract owners; and (g) if applicable, a decision by a Participating Eligible Plan (as defined below) to disregard the voting instructions of Participants.

3. The Adviser (or any other investment adviser of a Fund), any Participating Insurance Company, and any Eligible Plan that executes a Fund participation agreement upon becoming an owner of ten percent (10%) or more of the assets of the Fund (referred to herein as a ''Participating Eligible Plan''), will report any potential or existing conflicts to the Board. The Adviser, Participating Insurance Companies, and Participating Eligible Plans will assist the Board in carrying out its responsibilities under these conditions by providing the Board with all information reasonably necessary for the Board to consider any issues raised. This includes, but is not limited to, an obligation by each Participating Insurance Company to inform the Board whenever contract owner voting instructions are disregarded and an obligation by each Participating Eligible Plan to inform the Board whenever Participant voting instructions are disregarded. The responsibility to report such information and conflicts and to assist the Board will be a contractual obligation of all Participating Insurance Companies and Participating Eligible Plans investing in the Funds under their agreements governing participation in each Fund, and such agreements will provide that these responsibilities will be carried out with a view only to the interests of contract owners and Participants, as applicable.

4. If it is determined by a majority of the Board, or a majority of its disinterested directors, that a material irreconcible conflict exists with respect to a portfolio of a Fund, the relevant Participating Insurance Companies and Participating Eligible Plans will, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested directors, of that Fund), take whatever steps are necessary to remedy or eliminate the irreconcilable material conflict, up to and including: (a) withdrawing the assets allocable to some or all of the Separate Accounts from that Fund or any portfolio thereof and reinvesting such assets in a different investment medium, which may include another portfolio of that Fund, or submitting the question whether such segregation should be implemented to a vote of all affected contract owners and, as appropriate, segregating the assets of any appropriate group (*i.e.*, variable annuity contract owners, variable life insurance contract owners, or contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation or offering to the affected contract owners the option of making such a change; and (b) establishing a new registered management investment company. If a material irreconcilable conflict arises because of a Participating Insurance Company's decision to disregard contract owner voting instructions and that decision represents a minority position or would preclude a majority vote, the Participating Insurance Company may be required, at the Fund's election, to withdraw its Separate Account's investment in that Fund (or any portfolio thereof, and no charge or penalty will be imposed as a result of such withdrawal. If a material irreconcilable conflict arises because of a Participating Eligible Plan's decision to disregard Participant voting instructions and that decision represents a minority position or would preclude a majority vote, the Participating Eligible Plan may be required, at the Fund's election, to withdraw its investment in that Fund (or any portfolio thereof), and no charge

or penalty will be imposed as a result of such withdrawal. To the extent permitted by applicable law, the responsibility to take remedial action in the event of a Board determination of an irreconcilable material conflict and to bear the cost of such remedial action will be a contractual obligation of all Participating Insurance Companies and Participating Eligible Plans under their agreements governing participation in the Funds, and these responsibilities will be carried out with a view only to the interests of contract owners and Participants, as applicable.

5. For purposes of Condition 4, a majority of the disinterested members of the Board will determine whether any proposed action adequately remedies any irreconcilable material conflict, but in no event will a Fund or the Adviser (or any other investment adviser of a Fund) be required to establish a new funding medium for any variable contract. No Participating Insurance Company will be required by this Condition 4 to establish a new funding medium for any variable contract if an offer to do so has been declined by vote of a majority of contract owners materially and adversely affected by the irreconcilable material conflict. No Participating Eligible Plan will be required by Condition 4 to establish a new funding medium for such Eligible Plan if (a) an offer to do so has been declined by vote of a majority of Participants materially and adversely affected by the irreconcilable material conflict or (b) pursuant to governing Eligible Plan documents and applicable law, the Participating Eligible Plan may make such decision without Participant vote.

6. The Board's determination of the existence of an irreconcilable material conflict and its implications will be made known promptly in writing to the Advisor and to all Participating Insurance Companies and all Participating Eligible Plans.

7. Participating Insurance Companies will pass through the voting privileges of Fund shares to all contract owners so long as the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for contract owners. Accordingly, Participating Insurance Companies will vote shares of the Funds held in their Separate Accounts in a manner consistent with voting instructions timely received from contract owners. Each Participating Insurance Company will vote Fund shares held in its Separate Accounts for which voting instructions from contract owners are not timely received, as well as Fund shares held in its general account or otherwise attributed to it, in the same proportion as those shares for which voting instructions are timely received. Participating Insurance Companies will be responsible for assuring that each of their Separate Accounts investing in a Fund calculates voting privileges in a manner consistent with the Separate Accounts of other Participating Insurance Companies investing in that Fund. The obligation to calculate voting privileges in a manner consistent with all other Separate Accounts investing in a Fund will be a contractual obligation of all Participating Insurance Companies under their agreements governing participation in that Fund. Each Participating Eligible Plan will vote as required by applicable law and governing Eligible Plan documents.

8. Each Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, will be the persons having a voting interest in shares of the Fund), and, in particular, each Fund will either provide for annual meetings (except insofar as the Commission may interpret Section 16 of the 1940 Act not to require such meetings), or comply with Section 16(c) of the 1940 Act (although the Fund is not one of the trusts described in Section 16(c)) as well as with Section 16(a) of the 1940 Act and, if applicable, 16(b) of the 1940 Act. Further, each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

9. Each Fund will disclose in its prospectus that: (a) the Fund is intended to be a funding vehicle for all types of variable annuity contracts and variable life insurance contracts offered by various Participating Insurance Companies and for Eligible Plans; (b) material irreconcilable conflicts may possibly arise among various contract owners and Participants; and (c) the Board will monitor events in order to identify the existence of any material irreconcilable conflict and determine what action, if any, should be taken in response to such conflict. Each Fund will notify all Participating Insurance Companies that Separate Account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate.

10. If and to the extent that Rule 6e–2 or 6e–3(T) under the 1940 Act are amended, or Rule 6e–3 is adopted, to provide exemptive relief from any provision of the 1940 Act or the rules promulgated thereunder with respect to mixed or shared funding on terms and conditions materially different from any exemptions granted in the order requested in this Application, then the Funds and/or Participating Insurance Companies, as appropriate, will take such steps as may be necessary to comply with Rules 6e–2 and 6e–3(T), as amended, and Rule 6e–3, as adopted, to the extent applicable.

11. The Adviser, and the Participating Insurance Companies and Participating Eligible Plans will at least annually submit to the Board such reports, materials, or data as the Board may reasonably request so that the Board may fully carry out the obligations imposed upon it by the conditions contained in this Application, and said reports, materials, and data will be submitted more frequently if deemed appropriate by the Board. The obligations of the Participating Insurance Companies and Participating Eligible Plans to provide these reports, materials, and data to the Board, when it so reasonably requests, will be a contractual obligation of all Participating Insurance Companies and Participating Eligible Plans under their agreements governing their participation in the Funds.

12. All reports received by the Board of potential or existing conflicts, and all Board action with regard to determining the existence of a conflict, notifying the Adviser and Participating Insurance Companies and Participating Eligible Plans of a conflict, and determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the Board or other appropriate records, and such minutes or other records will be made available to the Commission upon request.

13. If an Eligible Plan should become an owner of ten percent (10%) or more of the assets of a Fund, such Eligible Plan will execute a participation agreement with that Fund including the conditions set forth herein to the extent applicable. An Eligible Plan will execute an application containing an acknowledgment of this condition at the time of its initial purchase of shares of the Funds.

Conclusion

For the reasons set forth above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–23702 Filed 9–16–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22211; 812–10152]

LifeUSA Funds, Inc., et al.; Notice of Application

September 10, 1996.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: LifeUSA Funds, Inc. (''LUSA Fund''), IAI Investment Funds I, Inc., IAI Investment Funds II, Inc., IAI Investment Funds III, Inc., IAI Investment Funds IV, Inc., IAI Investment Funds V, Inc., IAI Investment Funds VI, Inc., IAI Investment Funds VII, Inc., IAI Investment Funds VIII, Inc. (the IAI Investment Funds I through VIII collectively, ''Underlying Funds''), Investment Advisers Inc. (''IAI''), and IAI International Limited.

RELEVANT ACT SECTION: Order requested under section 6(c) of the Act from section 12(d)(1) and under sections 6(c) and 17(b) of the Act from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit LUSA Fund to invest substantially all of its assets in the securities of certain affiliated investment companies in excess of the limits of Section 12(d)(1) of the Act.

FILING DATE: The application was filed on May 15, 1996, and amended on July 31, 1996, and August 14, 1996. 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on October 7, 1996, and should be accompanied by proof of service on the applicant, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: 3700 First Bank Place, 601 Second Avenue South, Minneapolis, MN 55402.

FOR FURTHER INFORMATION CONTACT: Mercer E. Bullard, Branch Chief, at (202) 942–0564, or Elizabeth G. Osterman, Assistant Director, 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 from the SEC's Public Reference Branch.

Applicants' Representations

1. LUSA Fund is a Minnesota corporation that will register as an open-end management investment company under the Act. LUSA Fund will be authorized to issue its shares in more than one series, each of which will pursue a distinct set of investment objectives by investing substantially all of its assets in shares of certain portfolios of the Underlying Funds (''Underlying Portfolios''). LUSA Fund will consist initially of four portfolios: the Aggressive Growth Portfolio, the High Growth Portfolio, the Moderate Growth Portfolio, and the Conservative Growth Portfolio (the ''LUSA Portfolios'').

2. IAI is a registered investment adviser under the Investment Advisers Act of 1940 (''Advisers Act''). IAI also is registered as a transfer agent under the Securities Exchange Act of 1934. IAI is the investment adviser and transfer agent for the Underlying Funds. IAI will serve as investment adviser and transfer agent to LUSA Fund. IAI will also serve as investment adviser, provide overall management, transfer agency, dividend disbursement and investor services to the LUSA Portfolios and the Underlying Portfolios.

3. IAI International is a registered investment adviser under the Advisers Act. IAI International is the subadviser to the Underlying Portfolios of IAI Investment Funds III, Inc.

4. Applicants propose a ''fund of funds'' arrangement whereby LUSA Fund will register for sale its shares under the Securities Exchange Act of 1933, and the LUSA Portfolios will invest substantially all of their assets in shares of the Underlying Funds that are part of the same ''group of investment companies'' as defined in rule 11a–3 of the Act. In addition, investments may be made in money market instruments for temporary defensive purposes and to maintain liquidity.

5. Each LUSA Portfolios will allocate its assets among one or more Underlying Portfolios consistent with its investment objective. IAI, as investment adviser to the LUSA Portfolios, will allocate each Portfolio's assets among the Underlying Portfolios in accordance with quantitative and fundamental analyses of current market and economic conditions.

6. IAI will not initially charge the LUSA Portfolios an advisory fee, although it may do so in the future. IAI may charge the LUSA Portfolios for all other services relating to the operation of the LUSA Portfolios. In addition, LUSA Portfolio shareholders will indirectly pay their proportionate share of Underlying Portfolio advisory fees and expenses. Further, LUSA Portfolio shares may be subject to sales charges including front-end and deferred sales charges, redemption fees, service fees and 12b–1 fees. Initially, LUSA Portfolios will be subject to a front-end sales charge and distribution fees.

7. Applicants believe that LUSA Fund will provide investors with a simple and effective means of structuring a diversified mutual fund investment program suited to their general needs.

Applicants' Legal Analysis

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 would cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale would cause more than 10% of the acquired company's voting stock to be owned by investment companies.

2. Section 6(c) provides that the SEC may exempt any person or transaction 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 order under section 6(c) exempting them from sections 12(d)(1)(A) and (B) to the extent necessary to permit LUSA Fund to