

declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Northeast Utilities, et al. (70-8507)

Northeast Utilities ("NU"), 174 Brush Hill Avenue, West Springfield, Massachusetts 01089, a registered holding company, and its wholly owned subsidiary companies, Charter Oak Energy, Inc. ("Charter Oak") and COE Development Corporation ("COE Development"), both located at 107 Seldon Street, Berlin, Connecticut 06037, (collectively, "Applicants") have filed a post-effective amendment to its application-declaration under sections 6(a), 7, 9(a), 10, 12(b), 13(b), 32 and 33 of the Act and rules 45, 53, 83, 86, 87, 90 and 91 thereunder.

By orders dated December 30, 1994 (HCAR No. 26213) and August 7, 1995 (HCAR No. 26345) (collectively, "Orders"), the Commission authorized NU, among other things, to invest directly in Charter Oak and indirectly in COE Development up to an aggregate principal amount of \$400 million through December 31, 1996. In addition, the Applicants were authorized: (1) to form intermediate subsidiary companies ("Intermediate Companies") to acquire an interest in, finance the acquisition and hold the securities of exempt wholesale generators, as defined by section 32 of the Act ("EWGs"), and foreign utility companies, as defined by section 33 of the Act ("FUCOs"), through the issuance of equity securities and debt securities to third parties; (2) for Intermediate Companies to make partial sales of qualifying cogeneration and small power production facilities as defined in the Public Utility Regulatory Policies Act of 1978 ("QF"), independent power production facilities that would constitute a part of NU's "integrated public utility system" within the meaning of Section 2(a)(29)(A) of the Act, EWGs and FUCOs ("Exempt Projects"); (3) to participate in joint ventures engaged exclusively in Exempt Project activities and to dissolve Intermediate Companies under specified circumstances; and (4) for Charter Oak's employees and employees of other NU service companies to provide a *de minimis* amount of services to affiliated

Intermediate Companies, EWGs (both foreign and domestic) and FUCOs. To date, NU has invested approximately \$70 million in Charter Oak and expects to invest an additional \$60 million through December 31, 1996.

The Applicants now propose to extend their period of authorization to invest the remaining \$330 million of funding authority through December 31, 1999, substantially, under the terms and conditions set forth in the Orders. However, the Applicants request certain modifications to their existing authority as it relates to: (1) The number of service company and NU system employees engaged in rendering services to affiliated Intermediate Companies, and Exempt Projects; and (2) the provision of services at fair market prices to other Intermediate Companies and associated Exempt Projects under certain circumstances.

The Commission, pursuant to the Orders, authorized Charter Oak employees (who are employees of NU Service Company) or other NU Service Company employees (collectively, "Service Company Employees") to provide a *de minimis* amount of services to affiliated Intermediate Companies, EWGs (both foreign and domestic) and FUCOs, subject to certain limitations.¹ The Applicants now request that the total number of Service Company Employees engaged in rendering services to affiliated Intermediate Companies and Exempt Projects may not exceed, in the aggregate, 1% of the total NU system employees and no more than 2% of the total of Service Company Employees at any one time.

The Applicants were also authorized, under the Orders, to provide the above-mentioned service activities at market rates to affiliated foreign EWGs, foreign Intermediate Companies and FUCOs, which are companies that do not derive, directly or indirectly, any material part of their income from sources within the United States and are not public-utility companies operating in the United States. The Applicants now request an exemption from the "at cost" provisions of section 13(b) and the requirements of rules 90 and 91 under the following specific conditions: (1) Such associate is a FUCO or an EWG which derives no part of its income, directly or indirectly, from the generation, transmission, or

distribution of electric energy for sale within the United States; (2) such associate is an EWG which sells electricity at market-based rates which have been approved by the FERC or the appropriate state public utility commission, provided the purchaser of such electricity is not an associate of NU within the NU system; (3) such associate is a QF that sells electricity to industrial or commercial customers, for their own use, at negotiated rates or to electric utility companies that are not associated with the NU system, at the purchasers avoided cost; (4) such associate is an EWG that sells electricity at rates based upon its cost of service, as approved by the FERC or any state public utility commission, provided that the purchaser of such electricity is not an associate of NU within the NU System; or (5) such associate is an Intermediate Company, the sole business of which is developing, owning and/or operating FUCOs or EWGs described in clauses 1, 2 or 4 above.

The Commission, pursuant to the Orders, further authorized the Intermediate Companies to issue equity securities and debt securities. The Applicants propose that the Intermediate Companies continue to issue equity securities and debt securities, with or without recourse to the Applicants, up to an aggregate principal amount of \$600 million, to persons other than the Applicants including banks, insurance companies, and other financial institutions, exclusively for the purpose of financing investments in Exempt Projects. Within the \$600 million authorization, the aggregate principal amount of recourse debt will not exceed \$150 million at any one time outstanding. The resource to the Applicants will be in the form of guarantees and assumptions of liability and will be included within the Applicants overall investment authorization limit of \$400 million.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-26130 Filed 10-10-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22263; No. 812-10250]

Security First Life Insurance Company et al.; Exemption Application

October 4, 1996.

AGENCY: Securities and Exchange Commission ("Commission").

¹ The Orders provide that, unless otherwise authorized by the Commission or expressly permitted under the Act, the total number of Service Company Employees engaged in rendering services to affiliated Intermediate Companies and Exempt Projects may not exceed, in the aggregate, 0.5% of the total NU holding company system's employees and no more than 1% of the total of Service Company Employees at any one time.

ACTION: Notice of application for an exemption pursuant to the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Security First Life Insurance Company ("Security First Life"), Security First Life Separate Account A ("Separate Account A"), Fidelity Standard Life Insurance Company ("Fidelity Standard Life"), Fidelity Standard Life Separate Account ("Fidelity Separate Account") and Security First Financial, Inc.

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 17(b) granting an exemption from the provisions of Section 17(a).

SUMMARY OF APPLICATION: Applicants seek exemptive relief to permit the transfer of assets and liabilities from Fidelity Separate Account to Separate Account A (the "Proposed Transaction") in connection with the reinsurance by Security First Life of certain group flexible payment variable annuity contracts issued by Fidelity Separate Account (the "Fidelity Life Contracts").¹

FILING DATE: The application was filed on July 12, 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 by writing to the Secretary of the Commission 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 29, 1996, and must be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549. Applicants, c/o Richard C. Pearson, Senior Vice President and General Counsel, Security First Life Insurance Company, 11365 West Olympic Boulevard, Los Angeles, California 90064.

¹ The Applicants also requested exemptive relief, pursuant to Section 6(c) of the 1940 Act, from Sections 26(a)(2)(C) and 27(c)(2) thereof, to the extent necessary to deduct mortality and expense risk and distribution risk charges under the Fidelity Life Contracts to be issued through Separate Account A following the Proposed Transaction. The passage of H.R. 3005—the National Securities Markets Improved Act of 1996—obviates the Applicants' need for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior Counsel, or Patrice M. Pitts, Special Counsel, Office of Insurance Products (Division of Investment Management), at (202) 942-0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the Commission.

Applicants' Representations

1. Security First Life, a stock life insurance company organized pursuant to the laws of the State of Delaware, is licensed to conduct life and annuity insurance business in the District of Columbia and all states except New York. Security First Life is a wholly-owned subsidiary of Security First Group, Inc., which is wholly-owned by London Insurance Group, a Canadian insurance service corporation that owns and controls, directly or through subsidiary companies, Security First Financial, Inc.

2. Fidelity Standard Life, a stock life insurance company organized pursuant to the laws of the State of Delaware, is licensed to conduct life and annuity insurance business in 49 states and the District of Columbia. All of the outstanding shares of Fidelity Standard Life are owned by Security First Life.

3. Security First Life established Separate Account A pursuant to the laws of the State of Delaware to fund variable annuity contracts (the "Security First Life Contracts," together with the Fidelity Life Contracts, the "Contracts"). Separate Account A is registered pursuant to the 1940 Act as a unit investment trust, and various Security First Life Contracts are registered pursuant to the Securities Act of 1933 (the "1933 Act").

4. Fidelity Standard Life established the Fidelity Separate Account pursuant to the laws of the State of Delaware to fund variable annuity contracts. The Fidelity Separate Account is registered pursuant to the 1940 Act as a unit investment trust, and the Fidelity Life Contracts are registered pursuant to the 1933 Act.

5. The assets of Separate Account A and Fidelity Separate Account are owned by Security First Life and Fidelity Standard Life, respectively, but are held separately from all other assets of the respective insurer for the benefit of owners of, and the persons entitled to payments under, the Contracts ("Participants").

6. The Fidelity Separate Account and Separate Account A are both divided into series, each of which invests in separate series of underlying open-end

management investment companies ("Funds"). The Funds are registered pursuant to the 1940 Act as diversified open-end management investment companies, and the shares they have issued are registered pursuant to the 1933 Act.

7. Security First Financial, Inc. is the principal underwriter for both the Security First Life Contracts and the Fidelity Life Contracts. Security First Financial, Inc. is registered as a broker-dealer pursuant to the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

8. The Fidelity Life Contract is substantially identical and in most material contractual respects to one of the Security First Life Contracts, except that the Fidelity Life Contract is issued by Fidelity Separate Account. The Fidelity Life Contract is a group contract designed primarily for use by individuals in retirement plans which receive favorable tax treatment under section 403(b) of the Internal Revenue Code; each Participant is issued a certificate indicating his or her rights and benefits under the group contract. When used with respect to the Fidelity Life Contracts, "Contract" includes "Certificates" and "Owner" (defined below) refers to a Participant in the group contract.

9. The Proposed Transaction is one of a series of transactions involving Fidelity Standard Life and Security First Life, which will result in substantially all of the assets and liabilities of Fidelity Standard Life being transferred to Security First Life, and the remaining assets (consisting of the minimum capital necessary to maintain the insurance licenses of Fidelity Standard Life) being transferred to an unrelated third party through a sale of all of the voting securities of Fidelity Standard Life.

10. Security First Life and Fidelity Standard Life will enter into an assumption reinsurance agreement providing for the transfer to Security First Life of nearly all the assets and liabilities of Fidelity Standard Life. Security First Life will, pursuant to the assumption reinsurance agreement, assume legal ownership of the assets of Fidelity Separate Account and become responsible for the satisfaction of all liabilities and obligations arising under the Fidelity Life Contracts outstanding at the time of the transaction.

11. Under the Proposed Transaction, Security First Life will become the depositor of the separate account that funds the former Fidelity Life Contract. Those former Fidelity Life Contracts, when offered through a Security First

Life separate account, will have the same principal underwriter and will invest in shares of the same Funds as the series of the Fidelity Separate Account presently do.

12. To avoid the administrative duplication that would result from maintaining two separate accounts—namely, Separate Account A and a newly formed Security First Life separate account funding the former Fidelity Separate Account contracts—Security First Life plans to merge Separate Account A and the Fidelity Separate Account. To this end, Security First Life will transfer the assets of Fidelity Separate Account into Separate Account A. After that transfer, Separate Account A will support: (a) the Security First Life Contracts; (b) the former Fidelity Life Contracts (*i.e.*, those originally issued by the Fidelity Separate Account); and (c) any Contracts issued by Security First Life subsequent to the effective date of the Proposed Transaction.

13. The Proposed Transaction will not result in a change in the value of the subaccount units (either accumulation or annuity units) involved or in the account values of Participants. The Proposed Transaction also will not affect the net asset value of any units of any series; the net asset values for the series of the newly created subaccount of Separate Account A immediately after the transaction will be identical to the net values for the series of the Fidelity Separate Account immediately prior to the transaction.

14. All costs of the Proposed Transaction will be borne by Security First Life and not by owners of Contracts ("Owners"). No charges will be imposed on Owners and no deductions from their account values will be made.

15. The Proposed Transaction and the other transactions related to the sale of Fidelity Standard Life will be approved in advance by the respective Boards of Directors of Security First Life and Fidelity Standard Life. Prior approval of the Proposed Transaction will be obtained from the Delaware Insurance Department and any other applicable regulatory authority. Delaware insurance law does not require approval of the Proposed Transaction by Owners. To the extent notification to Owners is required pursuant to generally applicable state insurance laws relating to assumption reinsurance, it will be provided.

16. Immediately following the Proposed Transaction, the assets and liabilities that comprise Separate Account A will remain physically and legally segregated from any other

business of Security First Life. Separate Account A will continue to be a unit investment trust registered pursuant to the 1940 Act.

17. The Proposed Transaction will not affect the Funds or the relationship of any of the affected Owners to the Funds. The Funds will not be parties to the Proposed Transaction, except that when the transaction is completed the sales agreement between Fidelity Standard Life and the Funds will be terminated and replaced with the existing agreements between Security First Life and the Funds. The investment objectives, policies and restrictions of the Funds will not be changed by virtue of the Proposed Transaction. There will be no change in the investment advisers (or sub-advisers) for the Funds, nor any change in the assets of the Funds or the charges imposed on the Funds or on their shareholders, in connection with, or by virtue of, the Proposed Transaction or the other related transactions.

18. The succession of Security First Life to Fidelity Standard Life as the insurance company issuing the Contracts will not dilute or otherwise adversely affect the economic interests of the Owners. The only change discernible to an Owner as a result of the Proposed Transaction will be change in the identity of the depositor of the separate account.

19. Following the Proposed Transaction, the fixed guarantee obligations which are not allocated to Separate Account A (*e.g.*, minimum death benefit and fixed account accumulations) will be supported by the general assets of Security First Life which, based on financial information as of December 31, 1995, greatly exceed those of Fidelity Standard Life.

20. Security First Life will accept additional payments under the currently outstanding Fidelity Life Contracts. Security First Life also will continue to offer through Separate Account A other variable annuity contracts that are substantially similar to the Fidelity Life Contracts.

21. To reflect the transfer of assets supporting the Fidelity Life Contracts to Separate Account A, Security First Life will file a new registration statement for the Contracts pursuant to the 1933 Act and will amend the registration statement for Separate Account A pursuant to the 1940 Act. Once the new 1933 Act registration statement becomes effective, Security First Life will distribute copies of the prospectus contained therein to owners of the currently outstanding Fidelity Life Contracts.

22. In assumptively reinsuring the Fidelity Life Contracts, Security First Life will be bound by the terms of the reinsured Fidelity Life Contracts.

Applicants' Legal Analysis

1. Section 17(a)(1) of the 1940 Act, in relevant part, prohibits any affiliated person of a registered investment company, or any affiliated person of such a person, from knowingly selling any securities or other property to such registered investment company. Section 17(a)(2) of the 1940 Act generally prohibits such persons from knowingly purchasing any security or other property from the registered investment company.

2. Section 2(a)(3) of the 1940 Act defines an "affiliated person" of another person to include any person directly or indirectly controlling, controlled by, or under common control with such other person. Fidelity Separate Account and Separate Account A may be deemed to be under the common control of Security First Life, which is currently the depositor of Separate Account A.

3. Because of this relationship, the transfer of assets from Fidelity Separate Account to Separate Account A may be deemed to involve purchase and/or sale transactions between a registered investment company and an affiliate, in contravention of Section 17(a). Accordingly, applicants request an exemption from Section 17(a) of the 1940 Act, pursuant to Section 17(b) thereof, to permit the Proposed Transaction.

4. Section 17(b) of the 1940 Act provides that a person may apply for an exemption from the provisions of Section 17(a), and that the Commission shall grant such an application 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 on the part of any person concerned;

(b) The proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed pursuant to the 1940 Act; and

(c) The proposed transaction is consistent with the general purposes of the 1940 Act.

5. Applicants assert that the terms of the Proposed Transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned. The purpose of the transfer is to consolidate into a single separate account two basically identical separate

accounts that issue substantially identical contracts, have the same principal underwriter, and invest in the same underlying mutual funds. The consolidation will allow Security First Life to realize administrative efficiencies and operational cost savings.

6. The transaction will also allow owners of Fidelity Life Contracts to participate in a separate account that has greater assets than Fidelity Separate Account and that Applicants expect to grow, since sales of Security First Life Contracts will continue. The general account assets supporting the fixed obligations arising under the Fidelity Life Contracts will also be significantly greater when they are the assets of Security First Life.

7. Because the assets underlying the Fidelity Life Contracts and the Security First Life Contracts will continue to be invested in shares of one or more of the Funds in the same manner as before the Proposed Transaction, the assets underlying the Fidelity Life Contracts and the Security First Life Contracts will continue to be invested according to the investment policies recited in their respective registration statements filed pursuant to the 1940 Act.

8. Applicants assert that the Proposed Transaction is consistent with the general policies and purposes of the 1940 Act. The transfer does not present any of the issues or abuses that Section 17(a) in particular, and the 1940 Act in general, were designed to prevent. Applicants will effect the proposed transfer in a manner that is appropriate in the public interest and consistent with the protection of investors.

Conclusion

For the reasons summarized above, Applicants assert that the terms of the Proposed Transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, are consistent with the investment policies of Separate Account A and Fidelity Separate Account as recited in their registration statements, are consistent with the general purposes of the 1940 Act, and therefore meet the conditions for exemptive relief established by Section 17(b).

For the Commission, by the Division of Investment Management, pursuant to delegated authority.
Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 96-26131 Filed 10-10-96; 8:45 am]
BILLING CODE 8010-01-M

[Investment Company Act Release No. 22264; 811-7944]

Voyageur Florida Insured Municipal Income Fund II; Notice of Application

October 4, 1996.

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

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Voyageur Florida Insured Municipal Income Fund II.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on September 16, 1996.

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 29, 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, 90 South Street, Suite 4400 Minneapolis, Minnesota 55402-4115.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or Alison E. Baur, 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 from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a closed-end, diversified management investment company organized as a Massachusetts business trust. On August 5, 1993, applicant registered under the Act and filed a registration statement on Form N-2 under the Act and the Securities Act of 1933. Applicant's registration statement was not declared effective, and applicant made no public offering of its securities.

2. Applicant has no securityholders, debts, liabilities or assets. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

3. Applicant terminated its existence in Massachusetts in 1993.

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-26129 Filed 10-10-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37787; File No. SR-CBOE-96-57]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to a Minor Rule Violation Plan Amendment To Create a Settlement Procedure for Position Limit Fines

October 4, 1996.

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 25, 1996, the Chicago Board Options Exchange, Inc. ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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, pursuant to Rule 19b-4 of the Act, proposes to amend its minor rule violation plan to create an offer of settlement procedure for certain position limit violations.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change, and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has

¹ 15 U.S.C. § 78s(b)(1) (1988).

² 17 CFR 240.19b-4.