and duration of RUIA benefits, both unemployment and sickness, attributable to a railroad's employees. Each employer's contribution rate includes a component for administrative expenses and a component to cover costs shared by all employers. The regulations prescribing the manner and conditions for remitting the contributions and for adjusting overpayments or underpayments of contributions are contained in 20 CFR 345.

RRB Form DC–1, Employer's Quarterly Report of Contributions Under the Railroad Unemployment Insurance Act, is utilized by the RRB for the reporting and remitting of quarterly contributions by railroad employers. One response is requested quarterly of each respondent. Completion is mandatory. The RRB proposed a minor editorial revision to Form DC–1 to insert language required by the Paperwork Reduction Act of 1995.

Estimate of Annual Respondent Burden

The estimated annual respondent burden is as follows:

Form #(s)	Annual re-sponses	Time (min)	Burden (hrs)
DC–1	2,200	25	917

ADDITIONAL INFORMATION OR COMMENTS: To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751–3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611–2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 96–30734 Filed 12–2–96; 8:45 am]

BILLING CODE 7905–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22351; File No. 812–10248]

The Chubb Series Trust, et al.

November 25, 1996.

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

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

APPLICANTS: The Chubb Series Trust (the ''Trust''), Chubb Investment Advisory Corporation (''Chubb Investment Advisory'') and Morgan Guaranty Trust Company of New York (''Morgan'').

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

SUMMARY OF APPLICATION: Applicants seek an order granting exemptions from the 1940 Act 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 Chubb Investment Advisory or Morgan or any of their affiliates may serve as investment adviser, administrator, manager, principal underwriter or sponsor (the Trust and such other investment companies are hereinafter referred to collectively as the ''Funds'') to be sold to and held by: (i) variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (''Participating Insurance Companies''); and (ii) qualified pension and retirement plans outside the separate account context (''Plans'').

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 SEC orders a hearing. Interested persons may request a hearing by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 20, 1996, and should 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 who wish to be notified of a hearing may request notification by writing to the Secretary of the SEC.

ADDRESSES: SEC, Secretary, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, The Chubb Series Trust and Chubb Investment Advisory Corporation, One Granite Place, Concord, New Hampshire 03301, Attn. General Counsel, or Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, New York 10260, Attn. Funds Management Division.

FOR FURTHER INFORMATION CONTACT: Edward P. Macdonald, Staff Attorney, or Patrice M. Pitts, Branch Chief, 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 may be obtained for a fee from the Public Reference Branch of the SEC.

Applicants' Representations

1. The Trust, organized as a Delaware business trust on October 28, 1993, is registered under the 1940 Act as an open-end management investment company. The Trust currently consists of five separate series. Additional series may be added in the future.

2. Chubb Investment Advisory, a wholly-owned subsidiary of Chubb Life Insurance Company of America (''Chubb Life''), is registered under the Investment Advisers Act of 1940, as amended, and serves as the Trust's investment manager.

3. Morgan, a New York trust company which conducts a general banking and trust business, serves as the Trust's sub-investment adviser. Morgan is a wholly-owned subsidiary of J.P. Morgan & Co. Incorporated, a bank holding company organized under the laws of Delaware.

4. Trust shares currently are offered only to separate accounts established by Chubb Life or its affiliated insurance companies to fund flexible premium life insurance policies. Applicants desire that the Funds have the flexibility to offer their shares to insurance company separate accounts that fund variable annuity and variable life insurance contracts (including single premium, scheduled premium, modified single premium and flexible premium) (collectively, ''Variable Contracts'') established be affiliated or unaffiliated insurance companies.

5. Applicants state that Fund shares also may be offered directly to Plans outside the separate account context. The Plans may choose any of the Funds as the sole investment option under the Plan or as one of several investment options. Fund shares sold to Plans will be held by the trustee of the Plans as mandated by Section 403(a) of the Employee Retirement Income Security Act (''ERISA'').

Applicants' Legal Analysis

1. In connection with the funding of scheduled premium variable life insurance contracts issued through 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 15(b) of the 1940 Act. The relief provided by Rule 6e–2 extends to a separate account's investment adviser,

principal underwriter, and sponsor or depositor. The exemptions granted by Rule 6e–2(b)(15) are available, however, only where the management investment company underlying the separate account offers its shares ''exclusively to variable life insurance separate accounts of the life insurer, or any affiliated life insurance company.''

2. The use of a common management investment company as the underlying investment medium for both variable annuity and variable life insurance separate accounts of a single insurance company (or of two or more affiliated insurance companies) is referred to as ''mixed funding.'' The use of a common management investment company as the underlying investment medium for variable annuity and/or variable life insurance separate accounts of unaffiliated insurance companies is referred to as ''shared funding.'' ''Mixed and shared funding'' denotes the use of a common management investment company to fund the variable annuity and variable life insurance separate accounts of affiliated and unaffiliated insurance companies. 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 an underlying fund that also offers its shares to a variable annuity separate account of the same company or of any other affiliated or unaffiliated life insurance company. Therefore, Rule 6e–2(b)(15) precludes mixed and shared funding.

3. In connection with the funding of 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 Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act. The exemptive relief extends to a separate account's investment adviser, principal underwriter, and sponsor or depositor. The exemptions granted to a separate account 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 of any affiliated life insurance company, offering either scheduled contracts or flexible 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.'' Thus, Rule 6e–3(T) permits mixed funding with respect to a flexible premium variable life insurance separate account, but precludes shared funding.

4. Applicants state that various factors have kept certain insurance companies from offering variable annuity and variable life insurance contracts. These factors include: the cost of organizing and operating an investment funding medium; the lack of expertise with respect to investment managers (principally with respect to stock and money market investments); and the lack of name recognition by the public of certain insurers as investment professionals. Applicants maintain that use of the Funds as common investment media for the Variable Contracts would ease these concerns. Participating Insurance Companies would benefit not only from the investment and administrative expertise of the Funds' investment advisers, but also from the cost efficiencies and investment flexibility afforded by a large pool of funds. Applicants submit that mixed and shared funding would benefit Variable Contract owners by: (a) eliminating a significant portion of the costs of establishing and administering separate funds; (b) permitting a greater amount of assets to be available for investment by the Funds, thereby promoting economies of scale, permitting greater safety of investments through greater diversification, and making the addition of new portfolios more feasible; and (c) encouraging more insurance companies to offer variable insurance contracts, resulting in increased competition with respect to both the design and the pricing of variable insurance contracts, which can be expected to result in greater product variation and lower charges.

5. Applicants assert that the relief granted by sub-paragraph (b)(15) of Rules 6e–2 and 6e–3(T) should not be affected by the proposed sale of Fund shares to Plans Applicants note, however, that because the relief under sub-paragraph (b)(15) of Rules 6e–2 and 6e–3(T) is available only where shares are offered exclusively to separate accounts of life insurance companies, additional exemptive relief is necessary if shares of the Funds also are to be sold to Plans.

6. Applicants state that current tax law permits the Funds to increase their asset base through the sale of Fund shares to the Plans. Applicants state that Section 817(h) of the Internal Revenue Code of 1986, as amended (the ''Code''), imposes certain diversification requirements on the underlying assets of Variable Contracts invested in the Funds. The Code provides that such Variable Contracts shall not be treated as an annuity contract or life insurance contract for any period in which the underlying assets are not adequately diversified in accordance with regulations prescribed by the Treasury Department. The regulations provide that, to meet the diversification requirements, all of the beneficial interests in the investment company must be held by the segregated asset accounts of one or more insurance companies. Treas. Reg. § 1.817–5 (1989). The regulations do contain certain exceptions to this requirement, however, one of which allows shares in an investment company to be held by the trustee of a qualified pension or retirement plan without adversely affecting the ability of shares in the same investment company also to be held by the separate accounts of insurance companies in connection with their variable contracts. Treas. Reg. § 1.817–5(f)(3)(iii).

7. Applicants state that the promulgation of Rules 6e–2 and 6e–3(T) under the 1940 Act preceded the issuance of these Treasury regulations, and that the sale of shares of the same investment company to both separate accounts and Plans could not have been envisioned at the time of the adoption of Rules 6e–2 (b)(15) and 6e-3(T) (b)(15).

8. Applicants therefore request relief from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act, and sub-paragraph (b)(15) of Rules 6e–2 and 6e-3(T) thereunder, to the extent necessary to permit shares of the Funds to be offered and sold now and in the future to separate accounts of Participating Insurance Companies in connection with both mixed and shared funding and to be sold directly to Plans.

9. Section 9(a) of the 1940 Act provides that it is unlawful for any person to serve as an investment adviser to, or principal underwriter for, any registered open-end investment company if an affiliated person of that person is subject to a disqualification enumerated in Section 9(a)(1) or (2).

10. Rules 6e–2 (b)(15) and 6e–3(T)(b)(15) provide exemptions from Section 9(a) under certain circumstances, subject to the limitations on mixed and shared funding. The relief provided by sub-paragraph (b)(15)(i) of Rules 6e–2 and 6e–3(T) permits a person disqualified under Section 9(a) to serve as an officer, director, or employee of the life insurer, or any of its affiliates, so long as that person does not participate directly in the management or administration of the underlying fund. The relief provided by sub-paragraph (b)(15)(ii) of Rules 6e–2 and 6e–3(T) permits the life insurer to serve as the underlying fund's investment adviser or principal underwriter, provided that none of the insurer's personnel who are ineligible

pursuant to Section 9(a) participate in the management or administration of the fund.

11. Applicants state that the partial relief from Section 9(a) found in sub-paragraph (b)(15) of Rules 6e–2 and 6e–3(T), in effect, limits the amount of monitoring necessary to ensure compliance with Section 9 to that which is appropriate in light of the policy and purposes of that Section. 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 the many individuals in an insurance company complex, most of whom will have no involvement in matters pertaining to investment companies within that organization. Applicants note that the Participating Insurance Companies are not expected to play any role in the management or administration of the Funds. Therefore, Applicants assert, applying the restrictions of Section 9(a) serves no regulatory purpose. Applicants state that the relief requested should not be affected by the proposed sale of Fund shares to the Plans because the Plans are not investment companies and are not, therefore, subject to Section 9(a).

12. Sections 13(a), 15(a) and 15(b) of the 1940 Act require ''pass-through'' voting with respect to underlying investment company shares held by a separate account. Sub-paragraph (b)(15)(iii) of Rules 6e–2 and 6e–3(T) under the 1940 Act provides partial exemptions from the pass-through voting requirement. More specifically, sub-paragraph (b)(15)(iii)(A) of Rules 6e–2 and 6e–3(T) provides that the insurance company may disregard the voting instructions of its contract owners with respect to the investment of an underlying investment company, or any contract between an investment company and its investment adviser, when required to do so by an insurance regulatory authority.

13. Sub-paragraph (b)(15)(iii)(B) of Rule 6e–2 and sub-paragraph (b)(15)(iii)(A)(*2*) of Rule 6e–3(T) provide that the insurance company may disregard voting instructions of its contract owners if the contract owners initiate any change in underlying investment company's investment objectives, principal underwriter, or any investment adviser, provided that disregarding such voting instructions is reasonable and subject to the other provisions of paragraphs (b)(5)(ii) and (b)(7)(ii) (B) and (C) of each rule.

14. Applicants state that Rule 6e–2 recognizes that variable life insurance contracts have important elements unique to insurance contracts and are subject to extensive state regulation of insurance. Applicants maintain, therefore, that in adopting Rule 6e–2, the Commission expressly recognized that exemptions from pass-through voting requirements were necessary ''to assure the solvency of the life insurer and the performance of its contractual obligations by enabling an insurance regulatory authority or the life insurer to act when certain proposals reasonably could be expected to increase the risks undertaken by the life insurer.'' Applicants state that flexible premium variable life insurance contracts and variable annuity contracts are subject to substantially the same state insurance regulatory authority, and therefore, corresponding provisions of Rule 6e–3(T) presumably were adopted in recognition of the same considerations as the Commission applied in adopting Rule 6e–2. Applicants submit that these considerations are no less important or necessary when an insurance company funds its separate accounts on a mixed and shared funding basis, and that such funding does not compromise the goals of the insurance regulatory authorities or of the Commission.

15. Applicants further state that the sale of Fund shares to Plans does not affect the relief requested in this regard. As previously noted, Fund shares sold to Plans will be held by the trustees of such Plans as required by Section 403(a) of ERISA. Section 403(a) also provides that the trustees must have exclusive authority and discretion to manage and control the assets of the Plan with two exceptions: (a) when the Plan expressly provides that the trustees are subject to the direction of a named fiduciary who is not a trustee, in which case the trustees are subject to proper directions made in accordance with the terms of the Plan and not contrary to ERISA; and (b) when the authority to manage, acquire or dispose of assets of the Plan is delegated to one or more investment managers pursuant to Section 402(c)(3) of ERISA.

16. Unless one of the two exceptions stated in Section 403(a) applies, Plan trustees have the exclusive authority and responsibility for voting proxies. Where a named fiduciary appoints an investment manager, the investment manager has the responsibility to vote the shares held unless the right to vote such shares is reserved to the trustees or to the named fiduciary. In any event, there is no pass-through voting to the participants in such Plans. Accordingly, Applicants note that, unlike the case with insurance company separate accounts, the issue of the resolution of material irreconcilable conflicts with respect to voting is not present with Plans.

17. Applicants further assert that investment in the Funds by Plans will not create any of the voting complications occasioned by mixed and shared funding because Plan investor voting rights cannot be frustrated by veto rights of insurers or state regulators.

18. Applicants state that some Plans may provide participants with the right to give voting instructions. Applicants submit that there is no reason to believe that participants in Plans generally, or those in a particular Plan, either as a single group or in combination with other Plans, would vote in a manner that would disadvantage Variable Contract owners. Accordingly, Applicants assert that the purchase of Fund shares by Plans that provide voting rights to participants does not present any complications not otherwise occasioned by mixed and shared funding.

19. Applicants state that no increased conflicts of interest would be present by the granting of the requested relief. Applicants assert that shared funding does not present any issues that do not already exist where a single insurance company is licensed to do business in several states. Applicants note that where different Participating Insurance Companies are domiciled in different states, it is possible that the state insurance regulatory body in a state in which one Participating Insurance Company is domiciled could require action that is inconsistent with the requirements of insurance regulators in one or more other states in which other Participating Insurance Companies are domiciled. Applicants submit that this possibility is no different or greater than exists where a single insurer and its affiliates offer their insurance products in several states.

20. Applicants further submit that affiliation does not reduce the potential for differences in state regulatory requirements. In any event, the conditions (adapted from the conditions included in Rule 6e–3(T) (b)(15)) discussed below are designed to safeguard against any adverse effects that these differences may produce. If a particular state insurance regulator's decision conflicts with the majority of other state regulators, the affected insurer may be required to withdraw its separate account's investment in the relevant Funds.

21. Applicants also argue that affiliation does not eliminate the potential, if any exists, for divergent judgments as to when a Participating Insurance Company could disregard

Variable Contract owner voting instructions. Potential disagreement is limited by the requirement that the Participating Insurance Company's disregard of voting instructions be both reasonable and based on specified good faith determinations. However, if a Participating Insurance Company's decision to disregard Variable Contract owner instructions represents a minority position or would preclude a majority vote approving a particular change, such Participating Insurance Company may be required, at the election of the relevant Fund, to withdraw its separate account's investment in that Fund. No charge or penalty will be imposed as a result of such a withdrawal.

22. Applicants submit that there is no reason why the investment policies of a Fund with mixed funding would, or should, be materially different from what those policies would, or should, be if such investment company or series thereof funded only variable annuity or variable life insurance contracts. Applicants therefore argue that there is no reason to believe that conflicts of interest would result from mixed funding. Moreover, Applicants represent that the Funds will not be managed to favor or disfavor any particular insurer or type of Variable Contract.

23. Applicants note that Section 817(h) of the Code imposes certain diversification requirements on the underlying assets of variable annuity and variable life insurance contracts held in the portfolios of management investment companies. Treasury Regulation § 1.817–5(f)(3)(iii), which established diversification requirements for such portfolios, specifically permits ''qualified pension or retirement plans'' and separate accounts to share the same underlying management investment company. Therefore, Applicants have concluded that neither the Code, the Treasury regulations, nor the revenue rulings thereunder present any inherent conflicts of interest if Plans, variable annuity and variable life insurance separate accounts all invest in the same management investment company.

24. Applicants note that while there are differences in the manner in which distributions are taxed for variable annuity contracts, variable life insurance contracts and Plans, these tax consequences do not raise any conflicts of interest. When distributions are to be made, and the separate account or the Plan is unable to net purchase payments to make the distributions, the separate account or the Plan will redeem shares of the Funds at their respective net asset value. The Plan will then make distributions in accordance with the terms of the Plan. The life insurance company will make distributions in accordance with the terms of the Variable Contract.

25. Applicants state that they do not see any greater potential for material irreconcilable conflicts arising between the interests of participants under the Plans and owners of the Variable Contracts issued by the separate accounts of Participating Insurance Companies 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.

26. With respect to voting rights, Applicants state that it is possible to provide an equitable means of giving such voting rights to Variable Contract owners and to Plans. Applicants represent that a Fund will inform each shareholder, including each separate account and Plan, of information necessary for the shareholder meeting, including their respective share ownership in the respective Funds. A Participating Insurance Company will then solicit voting instructions in accordance with the ''pass-through'' voting requirements of Rules 6e–2 and 6e–3(T).

27. Applicants argue that the ability of the Funds to sell their respective shares directly to Plans does not create a ''senior security,'' as such terms is defined under Section 18(g) of the 1940 Act, with respect to any Variable Contract owner as opposed to a participant under a Plan. Regardless of the rights and benefits of Plan participants and Variable Contract owners under the respective Plans and Variable Contracts, the Plans and the separate accounts have rights only with respect to their shares of the Funds. Such shares may be redeemed only at net asset value. No shareholder of any of the Funds has any preference over any other shareholder with respect to distributions of assets or payment of dividends.

28. Applicants state that there are no conflicts of interest between Variable Contract owners and Plan 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 company separate accounts cannot simply redeem or transfer Fund shares; to accomplish such redemptions and transfers, complex and time consuming transactions must be undertaken. By contrast, trustees of Plans or the participants in participant-directed Plans can make the decision quickly and implement redemption of shares from a Fund and reinvest the monies in another funding vehicle without the same regulatory impediments or, as in the case with most Plans, even hold cash pending a suitable investment. Based on the foregoing, Applicants represent that even should the interests of Variable Contract owners and the interests of Plans and Plan participants conflict, the conflicts can be resolved almost immediately in that trustees of the Plans can, independently, redeem shares out of the Funds.

29. Applicants state that, regardless of the types of Fund shareholders, a Fund's adviser is legally obligated to manage the Funds in accordance with each Fund's investment objectives, policies and restrictions as well as any guidelines established by the Fund's Board. Applicants assert that Chubb Investment Advisory and Morgan will manage the Funds without consideration for the identity of shareholders.

Applicant's Conditions

Applicants have consented to the following conditions:

1. A majority of the Board of Trustees or Directors (each, a ''Board'') of each Fund shall consist of persons who are not ''interested persons'' thereof, 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 death, disqualification, or bona fide resignation of any Board member, then the operation of this condition shall 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. Each Fund's Board will monitor the Fund for the existence of any material irreconcilable conflict between the interests of Variable Contract owners of all separate accounts and of Plan participants and Plans investing in the Fund, and determine what action, if any, should be taken in response to such conflicts. A material irreconcilable 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 interpretive 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 investments of the Funds are being managed; (e) a difference in voting instructions given by owners or variable annuity and variable life insurance contracts; (f) a decision by a Participating Insurance Company to disregard the voting instructions of Variable Contract owners; or (g) if applicable, a decision by a Plan to disregard the voting instruction of Plan participants.

3. Chubb Investment Advisory and Morgan (or any other investment adviser of a Fund), any Participating Insurance Company and any Plan that executes a fund participation agreement upon becoming an owner of 10% or more of the assets of a Fund (collectively, ''Participants'') will report any potential or existing conflicts to the relevant Board. Participants will be obligated to assist the relevant 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 responsibility includes, but is not limited to, an obligation by each Participating Insurance Company to inform the Board whenever Variable Contract owner voting instructions are disregarded and, if pass-through voting is applicable, an obligation by each Plan to inform the Board whenever Plan participant voting instructions are disregarded. The responsibility to report such information and conflicts and to assist the Boards will be contractual obligations of all Participating Insurance Companies and Plans investing in the Funds under their agreements governing participation in the Funds, and such agreements shall provide that these responsibilities will be carried out only with a view to the interests of Variable Contract owners and, if applicable, Plan participants.

4. If a majority of a Fund's Board members, or a majority of its disinterested Board members, determine that a material irreconcilable conflict exists, the relevant Participating Insurance Companies and Plans, at their expense and to the extent reasonably practical (as determined by a majority of the disinterested Board members), shall take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict. Such steps could include: (a) withdrawing the assets allocable to some or all of the separate accounts from the Fund or any of its series and reinvesting such assets in a different investment medium, which may include another series of the Fund or another Fund; (b) in the case of a Participating Insurance Company, submitting the question as to whether such segregation should be implemented to a vote of all affected Variable Contract owners and, as appropriate, segregating the assets of any appropriate group (*i.e.*, variable annuity or variable life insurance contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected Variable Contract owners the option of making such a change; and (c) establishing a new registered management investment company or managed separate account. 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 election of the Fund, to withdraw its separate account's investment in such Fund, and no charge or penalty will be imposed as a result of such withdrawal. If a material irreconcilable conflict arises because of a Plan's decision to disregard Plan participant voting instructions, if applicable, and that decisions represents a minority position or would preclude a majority vote, the Plan may be required, at the election of the Fund, to withdraw its investment in such Fund, and no charge or penalty will be imposed as a result of such withdrawal. The responsibility to take remedial action in the event of a Board determination of a material irreconcilable conflict and to bear the cost of such remedial action will be a contractual obligation of all Participating Insurance Companies and Plans under their agreements governing participating in the Funds. These responsibilities shall be carried out only with a view to the interests of Contract owners and, as applicable, Plan participants.

5. For purposes of condition 4, a majority of the disinterested members of the relevant Board shall determine whether any proposed action adequately remedies any material irreconcilable conflict. In no event will a Fund or Chubb Investment Advisory or Morgan (or any other investment adviser of the Funds) be required to establish a new funding medium for any Variable Contract. No Participating Insurance Company shall be required by condition 4 to establish a new funding medium for any Variable Contract if a majority of Variable Contract owners materially and adversely affected by the irreconcilable material conflict vote to decline such offer. No Plan shall be required by condition 4 to establish a new funding medium for such Plan if (a) a majority of Plan participants materially and adversely affected by the material irreconcilable material conflict vote to decline such offer, or (b) pursuant to governing plan documents and applicable law, the Plan makes such decision without a vote by Plan participants.

6. Participants will be informed promptly in writing of a Board's determination of the existence of a material irreconcilable conflict and its implications.

7. Participating Insurance Companies will provide pass-through voting privileges to all Variable Contract owners so long as the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for Variable Contract owners. Accordingly, such Participating Insurance Companies, where applicable, will vote shares of the Fund held in its separate accounts in a manner consistent with voting instructions timely received from Variable Contract owners. In addition, each Participating Insurance Company will vote shares of a Fund held in its separate accounts for which it has not received timely voting instructions, as well as shares it owns, in the same proportion as those shares for which it has received voting instructions. 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 all other Participating Insurance Companies. The obligation to calculate voting privileges and to vote a Fund's shares in a manner consistent with all other separate accounts investing in the Fund will be a contractual obligation of all Participating Insurance Companies under the agreements governing their participation in the Fund. Each Plan will vote as required by applicable law and governing Plan documents.

8. All reports of potential or existing conflicts of interest received by a Board, and all Board action with regard to (a) determining the existence of a conflict, (b) notifying Participants of a conflict, and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the appropriate Board or other appropriate records. Such minutes or other records shall be made available to the Commission upon request.

9. Each Fund will notify all Participating Insurance Companies that separate account prospectus disclosure regarding potential risks of mixed and

shared funding may be appropriate. Each Fund shall disclose in its prospectus that: (a) Its shares may be offered to insurance company separate accounts that fund both variable annuity and variable life insurance contracts, and to Plans; (b) differences in tax treatment or other considerations may cause the interests of various Variable Contract owners participating in the Fund and the interests of Plans investing in the Fund to conflict; and (c) the Board will monitor the Fund for any material conflicts and determine what action, if any, should be taken.

10. Each Fund will comply with all the provisions of the 1940 Act requiring voting by shareholders (for these purposes, the persons having a voting interest in the shares of the Funds). In particular, each such Fund either will provide for annual meetings (except to the extent that 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 none of the Funds shall be one of the trusts described in Section 16(c) of the 1940 Act) as well as Section 16(a) and, if applicable, Section 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 Board members and with whatever rules the Commission may promulgate with respect thereto.

11. If and to the extent Rule 6e–2 or Rule 6e–3(T) is amended, or if Rule 6e–3 under the 1940 Act is adopted, to provide exemptive relief from any provisions of the 1940 Act or the rules thereunder with respect to mixed and shared funding on terms and conditions materially different from any exemptions granted in the order requested by Applicants, then the Funds and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rule 6e2 or Rule 6e–3(T), as amended, and Rule 6e–3, as adopted, to the extent such rules are applicable.

12. No less than annually, the Participants shall submit to each Board such reports, materials or data as each Board may reasonably request so that such Boards may carry out fully the obligations imposed upon them by the conditions stated in this application. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Boards. The obligations of Participating Insurance Companies and Plans to provide these reports, materials and data upon reasonable request of a Board shall be a contractual obligation of all Participating Insurance Companies and Plans under the agreements governing their participation in the Funds.

13. If a Plan should become an owner of 10% or more of the assets of a Fund, such Plan will execute a participation agreement with such Fund which includes the conditions set forth herein to the extent applicable. A Plan will execute an application containing an acknowledgment of this condition upon such Plan's initial purchase of the shares of any Fund.

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. 96–30679 Filed 12–2–96; 8:45 am]

BILLING CODE 8010–01–M

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Technitrol, Inc., Common Stock, $0.125, Par Value; Common Stock Purchase Rights) File No. 1–5375

November 26, 1996.

Technitrol, Inc. (''Company'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified securities (''Securities'') from listing and registration on the American Stock Exchange, Inc. (''Amex'').

The reasons alleged in the application for withdrawing the Securities from listing and registration include the following:

The decision of the Board on this matter followed a study and was based upon the belief that listing the Common Stock on the NYSE will be more beneficial to shareholders of the Company for the following reasons:

1. The Company believes that listing its Common Stock on the NYSE will result in increased visibility and sponsorship for the Common Stock of the Company that is presently available on the Amex.

2. The Company believes that the NYSE will offer the Company's shareholders more liquidity than is presently available on the Amex and less volatility in quoted prices per share when trading volume is light.

Any interested person may, on or before December 18, 1996, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–30680 Filed 12–2–96; 8:45 am]

BILLING CODE 8010–01–M

[Release 34–37983; File No. 600–23]

Self-Regulatory Organizations; Government Securities Clearing Corporation; Order Approving Application for Extension of Temporary Registration as a Clearing Agency

November 25, 1996.

On October 7, 1996, the Government Securities Clearing Corporation (''GSCC'') filed with the Securities and Exchange Commission (''Commission'') a request pursuant to Section 19(a) of the Securities Exchange Act of 1934 (''Act'')[1] that the Commission grant GSCC full registration as a clearing agency under Section 17A of the Act[2] or in the alternative extend GSCC's temporary registration as a clearing agency until such time as the Commission is able to grant GSCC permanent registration.[3] The Commission published notice of GSCC's request in the Federal Register on October 25, 1996.[4] No comments were received. This order extends GSCC's

[1] 15 U.S.C. § 78s(a) (1988).

[2] 15 U.S.C. § 78q–1 (1988).

[3] Letter from Sal Ricca, President and Chief Operating Officer, GSCC, to Richard Lindsey, Director, Division of Market Regulation, Commission (October 2, 1996) (''Registration Letter'').

[4] Securities Exchange Act Release No. 37844 (October 21, 1996), 61 FR 55341.