

6. Applicants represent that the terms of the in-kind redemptions and purchases are reasonable and fair and do not involve overreaching on the part of any person concerned and that the interest of Customers and Participants will not be diluted. The in-kind redemptions and purchases will be done at values consistent with the policies of both the Replaced and Substitute Funds. Both Aetna and the proposed subadviser of the Substitute Funds will review all the asset transfers to assure that the assets meet the objectives of the Substitute Fund and that they are valued under the appropriate valuation procedures of the Replace Funds and the Substitute Fund. In-kind redemptions and purchases will reduce the brokerage costs that would otherwise be incurred in connection with the substitutions. The Applicants represent that the transactions are consistent with the policies of each investment company involved and the general purposes of the 1940 Act, and comply with the requirements of section 17(b).

7. Applicants represent that the combination of subaccounts is intended to reduce administrative costs and thereby benefit Customers with assets in those subaccounts. The purchase and sale transactions described in the application will be effected based on the net asset value of the Fund shares held in the subaccounts and the value of the units of the subaccount involved. Therefore, there will be no change in value to any Customer or Participant.

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the substitution and related transactions involving in-kind redemptions and the combination of certain separate account subaccounts should be granted.

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

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22763; File No. 812-10398]

CUNA Mutual Life Insurance Company, et al.

July 24, 1997.

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

ACTION: Notice of Application for Exemptions under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: CUNA Mutual Life Insurance Company ("CUNA Mutual Life"), CUNA Mutual Life Variable Account ("Account"), Ultra Series Fund ("Fund"), CIMCO, Inc. ("CIMCO"), CUNA Mutual Life Insurance Company Pension Plan for Agents, CUNA Mutual Life Insurance Company Pension Plan for Home Office Employees, CUNA Mutual Life Insurance Company 401(k)/Thrift Plan for Agents, CUNA Mutual Life Insurance Company 401(k)/Thrift Plan for Home Office Employees, CUNA Mutual Pension Plan, CUNA Mutual Savings Plan and CUNA Mutual Thrift Plan. (The seven plans shall be referred to collectively as the "Plans." CUNA Mutual Life, the Account, the Fund, CIMCO and the Plans shall be referred to collectively as the "Applicants.")

RELEVANT 1940 ACT SECTIONS: Order requested under section 6(c) of the 1940 Act for exemptions from sections 9(a), 13(a) and 15(b) of the 1940 Act, and Rule 6e-3(T) thereunder; and an order requested under section 17(b) of the 1940 Act for exemptions from section 17(a) of the 1940 Act.

SUMMARY OF APPLICATION: CUNA Mutual Life, the Account and the Fund seek an order exempting them and certain other separate accounts established in the future by CUNA Mutual Life, or any life insurance company affiliate of CUNA Mutual Life ("future affiliated accounts") and other separate accounts established in the future by any other life insurance company ("future unaffiliated accounts," and together with the future affiliated accounts, the "future accounts"), from the provisions of sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act, and Rule 6e-3(T) thereunder, to the extent necessary to permit the Account and the future accounts to hold shares of the Fund at the same time that the Fund offers its shares to such future accounts, the Plans or other qualified pension or retirement plans (the "unaffiliated plans"). In addition, the Plans and CIMCO seek an order exempting them from Section 17(a) of the 1940 Act to the extent necessary to permit the Plans to purchase certain classes of shares of the Fund with investment securities of the Plans.

FILING DATE: The application was filed on October 15, 1996, and amended and restated on May 9, 1997 and July 23, 1997.

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 August 18, 1997, 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 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, NW., Washington, DC 20549. Applicants, Linda L. Lilledahl, Esq., Associate General Counsel, CUNA Mutual Group, 5910 Mineral Point Road, Madison, WI 53701-0391.

FOR FURTHER INFORMATION CONTACT: Megan Dunphy, Attorney, or Mark Amorosi, Branch Chief, 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.

Applications' Representations

1. CUNA Mutual Life, former Century Life of America, is principally engaged in the offering of life insurance contracts and is the depositor and sponsor of the Account. On July 1, 1990, CUNA Mutual Life entered into a permanent affiliation with CUNA Mutual Insurance Society ("CUNA Mutual"). All of the directors of CUNA Mutual Life are also directors of CUNA Mutual and many of the senior executive officers of CUNA Mutual Life hold similar positions with CUNA Mutual. However, both companies remain separate corporate entities and their respective owners retain their voting rights.

2. The Account, a separate account registered under the 1940 Act as a unit investment trust, was established on August 16, 1993 to serve as a funding vehicle to support variable life insurance contracts issued by CUNA Mutual Life. The Account is divided into subaccounts and invests in shares of open-end management investment companies with one or more investment portfolios or series, including the Fund.

3. The future accounts also would need to rely on the exemptions requested in the application. Any such future accounts would be registered under the 1940 Act as unit investment trusts.

4. CUNA Mutual, a mutual life insurance company, is principally engaged in the offering of insurance products and related services.

5. CIMCO is engaged primarily in the business of providing investment management and advice to insurance company pension plans, investment companies and other organizations. CIMCO is registered under the Investment Advisers Act of 1940, is the investment adviser to the Fund, and manages certain assets of the Plans. CUNA Mutual Life and CUNA Mutual Investment Corporation each own a one-half interest in CIMCO. CUNA Mutual Investment Corporation is a wholly-owned subsidiary of CUNA Mutual.

6. The board of directors of CUNA Mutual Life established CUNA Mutual Life Insurance Company Pension Plan For Agents, CUNA Mutual Life Insurance Company Pension Plan For Home Office Employees, CUNA Mutual Life Insurance Company 401(k)/Thrift Plan For Agents, and CUNA Mutual Life Insurance Company 401(k)/Thrift Plan for Home Office Employees (the "CUNA Mutual Life Defined Contribution Plans"). Participation in a CUNA Mutual Life Plan is open to eligible employees of CUNA Mutual Life and its subsidiaries or other companies under common control with CUNA Mutual Life and which has adopted a CUNA Mutual life Plan. CUNA Mutual Life Insurance Company 401(k)/Thrift Plan for Agents and CUNA Mutual Life Insurance Company 401(k)/Thrift Plan for Home Office Employees (the "CUNA Mutual Life Defined Contribution Plans") are voluntary defined contribution plans. CUNA Mutual Life Insurance Company Pension Plan For Agents and CUNA Mutual Life Insurance Company Pension Plan for Home Office Employees are defined benefit plans.

7. The board of directors of CUNA Mutual Life established CUNA Mutual Pension Plan, CUNA Mutual Savings Plan and CUNA Mutual Thrift Plan ("CUNA Mutual Plans"). Participation in a CUNA Mutual Plan is open to eligible employees of CUNA Mutual and its subsidiaries or other companies under common control with CUNA Mutual and which adopted a CUNA Mutual Plan. The CUNA Mutual Pension Plan is a defined benefit plan. The CUNA Mutual Savings Plan and CUNA Mutual Thrift Plan (the "CUNA Mutual Defined Contribution Plans") are voluntary defined contribution plans.

8. All of the Plans are intended to qualify under sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The CUNA Mutual Life Defined Contribution Plans

and CUNA Mutual Defined Contribution Plans include cash or deferred arrangements intended to qualify under section 401(k) of the Code. The Plans also are subject to, and have been designed to comply with, the provisions of the Employee Retirement Income Security Act of 1977 ("ERISA").

9. Each of the Plans is funded by a trust with an institutional trustee or by an annuity contract issued by CUNA Mutual Life or CUNA Mutual. CUNA Mutual Life and CUNA Mutual retain the right to establish different funding arrangements or to appoint other trustees. Each of the Plans is managed and administered by a plan committee and other fiduciaries appointed by CUNA Mutual Life or CUNA Mutual, as applicable (hereinafter, "plan committees").

10. The unaffiliated plans will be pension or retirement plans intended to qualify under Section 401(a) and 501(a) of the Code and will be subject to, and will be designed to comply with, the applicable provisions of ERISA. The unaffiliated plans will not be affiliated persons of the Applicants or affiliated persons of such persons. The trustees and the other fiduciaries of the unaffiliated plans also will not be affiliated persons of the Applicants or affiliated persons of such persons.

11. The CUNA Mutual Thrift Plan offers participants seven investment options including, among others, the following: a growth and income investment portfolio, a capital appreciation investment portfolio, a bond investment portfolio, a balanced investment portfolio, and a money market investment portfolio. The CUNA Mutual Savings Plan offers participants three investment options: a growth and income investment portfolio, a bond investment portfolio, and a money market investment portfolio. The CUNA Mutual Life Defined Contribution Plans offer participants three investment options: a capital appreciation investment portfolio, a growth and income investment portfolio and a money market investment portfolio. Assets of the other Plans are not held as part of separate Plan investment portfolios.

12. The Fund, an open-end management investment company organized as a Massachusetts business trust on September 16, 1983, is a series company that consists of six investment portfolios: Capital Appreciation Stock Fund, Growth and Income Stock Fund, Balanced Fund, Bond Fund, Money Market Fund and Treasury 2000 Fund.

13. The investment objective of the Capital Appreciation Stock Fund is long-term capital growth. The

investment objective of the Growth and Income Stock Fund is long-term capital growth, with income as a secondary consideration. The investment objective of the Balanced Fund is to achieve a high total return through the combination of income and capital appreciation by investing in a broadly diversified life of securities including common stocks, bonds and money market instruments. The investment objective of the Bond Fund is to generate a high level of current income, consistent with the prudent limitation of investment risk, through investment in a diversified portfolio of fixed-income securities with maturities of up to 30 years. The investment objective of the Money Market Fund is to seek the highest current income available from money market instruments consistent with the preservation of capital and liquidity by maintaining a dollar weighted average portfolio maturity which does not exceed 90 days. The investment objective of the Treasury 2000 Fund is to provide safety of capital and a relative predictable payout upon portfolio maturity, primarily by investing in stripped Treasury securities.

14. To date, the Fund has offered its shares only to CUNA Mutual Life (as seed money investments), the Account, CUNA Mutual Life Variable Annuity Account ("Annuity Account"), and CUNA Mutual Life Group Variable Annuity Account ("Group Annuity Account"). The Fund offers each series of shares to corresponding subaccounts of the Account to support variable life insurance contracts ("VLI contracts") and to the Annuity Account and the Group Annuity Account to support variable annuity contracts ("VA contracts," and together with VLI contracts, "variable contracts").

15. Changes in the tax law have created the opportunity for the Fund to substantially increase its assets based through the sale of Fund shares to the Plans and the unaffiliated plans. Section 817(h) of the Code imposes certain diversification standards on the assets underlying variable contracts. The Code provides that variable contracts shall not be treated as annuity contracts or life insurance contracts for any period in which the underlying assets are not, in accordance with regulations prescribed by the Treasury Department, adequately diversified. On March 2, 1989, the Treasury Department issued regulations which established diversification requirements for the investment portfolios underlying variable contracts. Treas. Reg. § 1.817-5 (1989). 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 for one or more insurance companies. The regulations do, however, contain certain exceptions to this requirement, 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). As a result of this exception to the general diversification requirement, qualified pension and retirement plans (such as the Plans or the unaffiliated plans) may hold Fund shares and select an investment portfolio of the Fund as an investment option without endangering the tax status of CUNA Mutual Life's VLI contracts or VA contracts as life insurance or annuities, respectively.

16. Applicants propose that, in one or more discrete instances, the Plans purchase Fund shares using investment securities held by the Plans. The CUNA Mutual Life Defined Contribution Plans and the CUNA Mutual Defined Contribution Plans would use investment securities constituting a separate Plan investment portfolio, currently available to participants as an investment option, to purchase Fund shares, while the other Plans would use securities held by the Plan but not as a separate Plan investment portfolio.

17. Applicants state that the CUNA Mutual Defined Contribution Plans and the CUNA Mutual Life Defined Contribution Plans will each use the assets of their capital appreciation investment portfolios to purchase shares of the Fund's Capital Appreciation Stock Fund, use the assets of their growth and income investment portfolios to purchase shares of the Fund's Growth and Income Stock Fund, use the assets of their bond investment portfolios to purchase shares of the Fund's Bond Fund, use the assets of their balanced investment portfolio to purchase shares of the Fund's Balanced Fund and use the assets of the money market investment portfolios to purchase shares of the Fund's Money Market Fund. If the proposed consolidations were to occur, the Plans would initially acquire a substantial majority of the outstanding shares of the Fund's Growth and Income Stock Fund, Bond Fund and Money Market Fund as well as a controlling interest in the Fund's Capital Appreciation Stock Fund.

Applicants' Legal Analysis

A. Request for Exemptions Under Section 6(c)

(i) General Grounds for Relief

1. CUNA Mutual Life, the Account and the Fund (the "Section 6(c) Applicants") request that the Commission issue an order pursuant to section 6(c) of the 1940 Act exempting them as well as any future accounts and depositors and principal underwriters of any future accounts from the provisions of sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act, and Rule 6e-3(T)(b)(15) thereunder, to the extent necessary for the Account and any future accounts to hold shares of the Fund at the same time that the Plans or the unaffiliated plans hold shares of the Fund or for the Account and any unaffiliated future account to simultaneously hold shares of the Fund.

2. CUNA Mutual Life and the Account currently rely on the exemptions provided by Rule 6e-3(T)(b)(15) under the 1940 Act, which provides partial exemptions from sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act for certain VLI contracts. However, the exemptions granted by the rule are available only where: (i) the Fund offers its shares exclusively to separate accounts of CUNA Mutual Life or any life insurance company affiliate of CUNA Mutual Life offering either scheduled premium variable life insurance contracts or flexible premium variable life insurance contracts, or both; or (ii) the Fund offers its shares to variable annuity separate accounts of CUNA Mutual Life or of any life insurance company affiliate of CUNA Mutual Life. The Rule 6e-3(T)(b)(15) exemptions would not be available to CUNA Mutual Life, the Account or any future accounts (affiliated or unaffiliated) if the Fund were to sell its shares to the Plans or to unaffiliated plans.

3. In general, section 9(a) of the 1940 Act disqualifies any person convicted of certain offenses, and any company affiliated with that person, from acting or serving in various capacities with respect to a registered investment company. Section 9(a)(3) provides that it is unlawful for any company to serve as investment adviser or principal underwriter for any registered open-end investment company if an affiliated person of that company is subject to a disqualification enumerated in sections 9(a) (1) or (2). However, Rule 6e-3(T)(b)(15) (i) and (ii) provide exemptions from section 9(a), under certain circumstances and subject to certain conditions that limit the

application of the eligibility restrictions of Section 9(a) to affiliated individuals or companies that directly participate in the management of the Fund.

4. The section 6(c) Applicants assert that the partial relief provided by Rule 6e-3(T)(b)(15) effectively limits the amount of monitoring of personnel that CUNA Mutual Life and its affiliates (or future account depositors and their affiliates) would have to conduct to ensure compliance with section 9 to that which is appropriate in light of the policy and purposes of section 9. The section 6(c) Applicants further assert that the rule recognizes 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 to provisions of section 9(a) to the many hundreds of individuals in a large insurance company complex, most of whom typically have no involvement in matters pertaining to investment companies affiliated with that organization.

5. Rule 6e-3(T)(b)(15)(iii) provides partial exemptions from sections 13(a), 15(a) and 15(b) of the 1940 Act to permit CUNA Mutual Life, under certain limited circumstances, to: (i) disregard the voting instructions of VLI contract owners if following such instructions would cause CUNA Mutual Life to make (or refrain from making) certain investments that would result in changes in the subclassification or investment objectives of the Fund; or (ii) (subject to the provisions of paragraphs (b)(5)(i) and (b)(7)(ii)(A) of Rule 6e-3(T)) approve or disapprove any contract between the Fund and CIMCO (or another investment adviser), when such action is mandated by an insurance regulatory authority.

6. The section 6(c) Applicants assert that historically, the exclusivity provision in Rule 6e-3(T)(b)(15) evolved from the Commission's concern about possible divergent interests between or among different classes of investors (e.g., VA owners and VLI owners) in mutual funds supporting variable life insurance separate accounts. The unit investment trust structure for supporting VLI contracts created the opportunity for a mutual fund underlying a trust also to offer its shares to a variable annuity separate account (hereinafter, "mixed funding"). This structure also created the opportunity for a mutual fund underlying such a separate account also to offer its shares to separate accounts of two or more insurance companies that are not affiliated persons of each other (hereinafter, "shared funding").

7. The section 6(c) Applicants state that the Commission addressed its

concerns about divergent interests among investors when it adopted Rule 6e-2 (the primary exemptive rule for scheduled premium variable life insurance). Rule 6e-2 does not permit mixed or shared funding. Several insurers relying on Rule 6e-2 sought and obtained individual exemptions to permit mixed funding, subject to certain conditions designed to identify and resolve potential or existing conflicts of interest among variable contract owners. The section 6(c) Applicants maintain that, ultimately, Rule 6e-3(T)(b)(15) was designed to permit a separate account supporting both flexible and scheduled premium VLI contracts to share the same underlying fund and engage in mixed funding.

8. The section 6(c) Applicants maintain that qualified retirement plan investors in the Fund would have substantially the same interests as current variable contract owners. Like variable contract owners, qualified retirement plan investors are long-term investors. Therefore, most can be expected not to withdraw their assets from the Plans or the unaffiliated plans. In addition, since neither variable contract owners nor Plan and unaffiliated plan in investors would be taxed on the investment return of their respective investments in the Fund, they would share a strong interest in the Fund operating in a manner that preserves its tax status.

9. The section 6(c) Applicants represent that the Account and the Plans are governed in similar ways as would be future accounts and unaffiliated plans. Plan committees (and other plan fiduciaries) have a fiduciary duty to participants that is similar to the obligations that CUNA Mutual Life or any other life insurance company has to look after the interests of variable contract owners.

10. The section 6(c) Applicants assert that, because investors in the Plans and unaffiliated plans would have beneficial interests similar to those of current investors, the addition of the Plans and unaffiliated plans as shareholders of the Fund and the addition of participants as persons having beneficial interests in the Fund should not increase the risk of material irreconcilable conflicts among and between investors. The section 6(c) Applicants further assert that even if a material irreconcilable conflict involving the Plans or the unaffiliated plans or their respective participants arose, the fiduciaries of the Plans and the trustees (or other fiduciaries) of the unaffiliated plans can, if their fiduciary duty to the participants requires it, redeem the shares of the Fund held by the Plans or the unaffiliated plans and

make alternative investments without obtaining prior regulatory approval. Similarly, the Plans and most, if not all, of the unaffiliated plans may hold cash or other liquid assets pending their reinvestment in a suitable alternative investment.

11. The section 6(c) Applicants maintain that variable contract owners would benefit from the expected increase in net assets of the Fund's portfolios resulting from additional investments by the Plans and unaffiliated plans. Such additional investments should lower some of the costs of investing for variable contract owners, promote economies of scale, permit increased safety through greater portfolio diversification, provide the Fund's investment adviser with greater flexibility because of a larger portfolio, and make the addition of new portfolios in the future more feasible.

12. The section 6(c) Applicants note that when the Commission last revised Rule 6e-3(T) in 1987, the Treasury Department had not issued Treasury Regulation 1.817-5 which permits the Fund to sell shares to qualified pension or retirement plans without adversely affecting the tax status of variable contracts. The section 6(c) Applicants submit that, although proposed regulations had been published, the Commission did not envision this possibility when it last examined Rule 6e-3(T)(b)(15), and might well have broadened the exclusivity provision of the rule at that time to include plans such as the Plans (or the unaffiliated plans) had this possibility been apparent.

(ii) Voting Rights

13. The section 6(c) Applicants do not see any inherent conflicts arising between or among the interests of variable contract owners, or Plan participants because of the potential for the Plans to hold a controlling interest in a portfolio of the Fund. If the exemptions requested herein are granted, the trustees or the plan committee of each Plan would enter into a participation agreement with the Fund that contains certain conditions, as discussed below. These conditions would serve to enhance the ability of the Fund's board of trustees and CUNA Mutual Life as well as depositors of future accounts to protect the interests of variable contract owners and minimize any potential for material conflicts between or among the interests of plan investors on the one hand and variable contract owners on the other.

14. The section 6(c) Applicants maintain that there is no reason to believe that the trustees or the plan

committees of the various Plans as a group would vote in a manner that would disadvantage variable contract owners. Moreover, because a majority of the Fund's trustees will not be interested persons of the Fund, the trustees, the plan committees and other affiliated persons of the Plans will not be in a position to exercise undue influence over the Fund or any of its portfolios.

15. Also, with regard to resolving or remedying possible material conflicts of interest related to voting, the Plans' investment in the Fund does not present any complications not otherwise occasioned by traditional mixed funding as permitted by Rule 6e-3(T)(b)(15). The section 6(c) Applicants submit that the interests and opinions of Fund investors may differ, but this does not mean that inherent conflicts of interest exist between or among such investors.

16. Section 403(a) of ERISA provides that, with few exceptions, trustees of the unaffiliated plans would have the exclusive authority and responsibility for exercising voting rights attributable to their respective plan's investment securities. Where a named fiduciary appoints an investment adviser, the adviser has the authority and responsibility to exercise such voting rights unless the authority and responsibility is reserved to the trustee(s) or a non-trustee fiduciary.

17. The section 6(c) Applicants generally expect many of the unaffiliated plans to have their trustees or other fiduciaries exercise, in their discretion, voting rights attributable to investment securities held by the unaffiliated plans. Some of the unaffiliated plans, however, may provide for the trustee(s), an investment adviser (or advisers), or another named fiduciary to exercise voting rights in accordance with instructions from participants.

18. Where unaffiliated plans do not provide participants with the right to give voting instructions, the section 6(c) Applicants do not see any potential for material irreconcilable conflicts of interest between variable contract owners and unaffiliated plan investors with respect to voting of Fund shares. In this regard, the section 6(c) Applicants submit that investment in the Fund by the unaffiliated plans will not create any of the voting complications occasioned by traditional mixed and shared funding, or by the Plans' proposed investment in the Fund.

19. Where unaffiliated plans provide participants with the right to give voting instructions, the section 6(c) Applicants do not believe that participants in unaffiliated plans generally or those in

a particular unaffiliated plan, either as a single group or in combination with participants in other unaffiliated plans, would vote in a manner that would disadvantage variable contract owners. The purchase of Fund shares by the unaffiliated plans that provide voting rights does not present any complications not otherwise occasioned by mixed and shared funding.

20. In light of Treasury Regulation 1.817-5(f)(3)(iii) which specifically permits "qualified pension or retirement plans" and separate accounts to share the same underlying management investment company, the section 6(c) Applicants have concluded that neither the Code, nor other Treasury Regulations or revenue rulings thereunder, would create any inherent conflicts of interest between or among participants and variable contract owners.

(iii) Tax Treatment of Distributions

21. Although there are differences in the manner in which distributions from the Plans or the unaffiliated plans and distributions from variable contracts are taxed, the section 6(c) Applicants maintain that these differences will have no impact on the Fund. The Account, any future accounts, the Plans, and the unaffiliated plans each will purchase and redeem Fund shares at net asset value in conformity with Rule 22c-1 under the 1940 Act.

(iv) Potential Future Conflicts Arising From Tax Law Changes

22. The section 6(c) Applicants do not see any greater potential for material irreconcilable conflicts arising between the interests of plan investors and other Fund investors from possible future changes in the federal tax laws than that which already exists with regard to such conflicts arising between VLI contract owners and VA contract owners.

(v) Grounds for Relief for Shared Funding

23. The section 6(c) Applicants maintain that the holding of Fund shares by separate accounts of unaffiliated insurance companies would not entail greater potential for material irreconcilable conflicts arising between or among the interests of VLI owners and VA owners than does traditional mixed funding. Likewise, the holding of Fund shares by separate accounts of unaffiliated insurance companies would not create greater potential for material irreconcilable conflicts arising between or among the interests of variable contract owners and plan investors than would be the case if only separate accounts of CUNA Mutual Life's

insurance company affiliates and plan investors held Fund shares.

24. The section 6(c) 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, or all, states. The section 6(c) Applicants note that where insurers are domiciled in different states, it is possible that the state insurance regulatory body in a state in which one 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 insurance companies are domiciled. The section 6(c) Applicants submit that this possibility is no different from and no greater than what exists where a single insurer and its affiliates offer their insurance products in several states.

25. The section 6(c) Applicants also assert that the right of an insurance company to disregard VLI contract owner voting instructions does not raise any issues different from those raised by the authority of different state insurance regulators over separate accounts. Affiliation does not eliminate the potential for divergent judgments by such companies as to the advisability or legality of a change in investment policies, principal underwriting, or investment adviser of an open-end management investment company in which their separate account invests. The section 6(c) Applicants assert that the potential for disagreement between or among insurance companies is limited by the requirement that the insurance company's disregard of voting instructions be both reasonable and based on specific good faith determinations. Moreover, in the event that a decision of CUNA Mutual Life or the depositor of a future account to disregard VLI contract owners' instructions represents a minority position or would preclude a majority vote at a Fund shareholders meeting, CUNA Mutual Life or such depositor could be required, at the election of the Fund, to withdraw its investment in that Fund.

(vi) Conditions for Relief

Applicants represent and agree that if the exemptions required in the application pursuant to section 6(c) are granted, CUNA Mutual Life and the Account will only rely on such exemptions to purchase and hold Fund shares if the following conditions are met:

1. The board of trustees of the Fund, including a majority of those trustees who are not interested persons of the Fund or interested persons of such persons, adopts a

resolution approving the sale of Fund shares to the Plans and the unaffiliated plans. for this purpose, interested person means "interested persons" as defined by Section 2(a)(19) of the 1940 Act, and rules thereunder, and as modified by any applicable Commission orders, except that if this condition is not met by reason of the death, disqualification, or bona fide resignation of any trustee or trustees, then the operation of this condition shall be suspended for (a) a period of 45 days of the vacancy or vacancies may be filled by the remaining trustees, (b) a period of 60 days if a vote of shareholders is required to fill the vacancy or vacancies, or (c) such longer period as the Commission may prescribe by order upon application.

2. The board of trustees of the Fund, a majority of whom shall not be interested persons of the Fund or interested persons of such persons, shall monitor the Fund for the existence of any material irreconcilable conflicts between or among the interests of VLI owners, VA owners and plan investors and determine what action, if any, should be taken in response to those 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 (c) a public ruling, private letter ruling, no-action or interpretive letter, or any similar action by insurance, tax, or securities regulatory authorities, (d) the manner in which the investments of any Fund are being managed, (e) a difference in voting instructions given by VLI owners, VA owners and plan investors, (f) a decision by CUNA Mutual Life to disregard variable contract owner voting instructions, and (g) a decision by a Plan trustee (or other Plan fiduciary) to disregard voting instructions of Plan participants.

3. CUNA Mutual Life will monitor its operations and those of the Fund for the purpose of identifying any material conflicts or potential material conflicts between or among the interests of plan investors, VA owners and VLI owners.

4. CUNA Mutual Life and CIMCO will report any such conflicts or potential conflicts to the Fund's board of trustees and will provide the board at least annually, with all information reasonably necessary for the board to consider any issues raised by such existing or potential conflicts. CUNA Mutual Life will also assist the board in carrying out this obligation including, but not limited to: (a) informing the board whenever it disregards VLI owner voting instructions, and (b) providing such other information and reports as the board may reasonably request. CUNA Mutual Life will carry out these obligations with a view only to the interests of VA owners and VLI owners.

5. CUNA Mutual Life will provide "pass-through" voting privileges to VA owners and VLI owners as long as the Commission interprets the 1940 Act to require such privileges in such cases. CUNA Mutual Life will vote Fund shares held by it that are not attributable to VA contract or VLI contract reserves in the same proportion as instructions received in a timely fashion from

VA owners and VLI owners and shall be responsible for ensuring that the Account and the Annuity Account each calculate "pass-through" votes in a consistent manner.

6. In the event that a conflict of interest arise between VA owners or VLI owners and plan investors, CUNA Mutual Life will, at its own expense, take whatever action is necessary to remedy such conflict as it adversely affects VA owners or VLI owners up to and including (1) establishing a new registered management investment company, and (2) withdrawing assets attributable to reserves for the VA contracts or VLI contracts subject to the conflict from the Fund and reinvesting such assets in a different investment medium (including another portfolio of the Fund) or submitting the question of whether such withdrawal should be implemented to a vote of all affected VA owners or VLI owners, and, as appropriate, segregating the asset supporting the contracts of any group of such owners that votes in favor of such withdrawal, or offering to such owners the option of making such a change. CUNA Mutual Life will carry out the responsibility to take the foregoing action with a view only to the interests of VA owners and VLI owners. Notwithstanding the foregoing, CUNA Mutual Life will not be obligated to establish a new funding medium for any group of VA contracts or VLI contracts if an offer to do so has been declined by a vote of a majority of the VA owners or VLI owners adversely affected by the conflict.

7. If a material irreconcilable conflict arises because of CUNA Mutual Life's decision to disregard the voting instructions of VLI owners and that decision represents a minority position or would preclude a majority vote at any Fund shareholder meeting, then, at the request of the Fund's board of trustees, CUNA Mutual Life will redeem the shares of the Fund to which the disregarded voting instructions relate. No charge or penalty, however, will be imposed in connection with such a redemption.

8. A majority vote of the disinterested trustees of the Fund shall represent a conclusive determination as to the existence of a material irreconcilable conflict between or among the interests of VLI owners, VA owners and plan participants. A majority vote of the disinterested trustees of the Fund shall represent a conclusive determination as to whether any proposed action adequately remedies any material irreconcilable conflict between or among the interests of VLI owners, VA owners and plan participants. The Fund shall notify CUNA Mutual Life, depositors of future accounts, Plans and unaffiliated plans in writing of any determination of the foregoing type.

9. All reports sent by CUNA Mutual Life, the depositors of the future accounts, the Plans or the unaffiliated plans to the board of trustees of the Fund or notices sent by the board to CUNA Mutual Life, the depositors of the future accounts, the Plans or the unaffiliated plans notifying the recipient of the existence of or potential for a material conflict between the interests of VA owners, VLI owners and plan investors as well as board deliberations regarding conflicts or potential conflicts shall be recorded in the

board meeting minutes of the Fund or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

10. The Fund's prospectus shall disclose that (1) its shares are offered in connection with mixed funding, shared funding and to 401(a) plans, (2) both mixed funding, shared funding and investment by 401(a) plans in the Fund may present certain conflicts of interest between VA owners, VLI owners and plan investors and (3) the Fund's board of trustees will monitor for the existence of any material conflict of interest. The Fund shall also notify the Plan trustees, the trustees of unaffiliated plans, CUNA Mutual Life and the life insurance company depositors of the future accounts that similar prospectus disclosure may be appropriate in separate account prospectuses or any plan prospectuses or other plan disclosure documents.

11. CUNA Mutual Life and the Account will continue to rely on Rule 6e-3(T)(b)(15) and to comply with all of its conditions. In the event that Rule 6e-3(T) is amended, or any successor rule is adopted, CUNA Mutual Life and the Account will instead comply with such amended or successor rule.

12. Each Plan will execute a participation agreement with the Fund requiring the trustees or plan committees of the Plan to: (a) monitor the Plan's operations and those of the Fund for the purpose of identifying any material conflicts or potential material conflicts between or among the interests of plan investors, VA owners and VLI owners, (b) report any such conflicts or potential conflicts to the Fund's board of trustees, and (c) provide the board, at least annually, with all information reasonably necessary for the board to consider any issues raised by such existing or potential conflicts and any other information and reports that the board may reasonably request, (d) ensure that the Plan votes Fund shares as required by applicable law and governing Plan documents.

13. In the event that a conflict of interest arises between plan investors and VA owners or other investors in the Fund, each Plan will, at its own expense, take whatever action is necessary to remedy such conflict as it adversely affects that Plan or participants in that Plan up to and including (1) establishing a new registered management investment company, and (2) withdrawing Plan assets subject to the conflict from the Fund and reinvesting such assets in a different investment medium (including another portfolio of the Fund) or submitting the question of whether such withdrawal should be implemented to a vote of all affected plan participants, and, as appropriate, segregating the assets of any group of such participants that votes in favor of such withdrawal, or offering to such participants the option of making such a change. Each Plan will carry out the responsibility to take the foregoing action with a view only to the interests of the plan investors in its Plan. Notwithstanding the foregoing, no Plan will be obligated to establish a new funding medium for any group of participants if an offer to do so has been declined by a vote of a majority of the Plan's participants adversely affected by the conflict.

14. If a material irreconcilable conflict arises because of a Plan trustee's (or other fiduciary's) decision to disregard the voting instructions of Plan participants (if such Plan should provide voting rights to its participants) and that decision represents a minority position or would preclude a majority vote at any shareholder meeting, then, at the request of the Fund's board of trustees, the Plan will redeem the shares of the Fund to which the disregarded voting instructions relate. No charge or penalty, however, will be imposed in connection with such a redemption.

15. The Fund will comply with all the provisions of the 1940 Act relating to security holder (i.e., persons such as VLI owners and VA owners or participants in plans that provide participants with voting rights) voting including Sections 16(a), 16(b) (when applicable) and 16(c) (even though the Fund is not a trust of the type described therein).

Applicants also represent that, with regard to the reliance of the future accounts (including their life insurance company depositors) on the section (6)(c) exemptions requested in the application, the Fund will only sell shares to future accounts if the life insurance company depositors enter into a participation agreement with the Fund requiring the depositor to comply with conditions 3, 4, 5, 6, 7, 8 and 11 in the same manner as will CUNA Mutual Life. Likewise, the Fund will only sell shares to unaffiliated plans holding 10% or more of the shares of any investment portfolio of the Fund if such plans enter into a participation agreement with the Fund requiring the trustees or other appropriate plan fiduciaries to comply with conditions 8, 12, 13, and 14 in the same manner as will the Plans.

B. Request for Exemptions Under Section 17(b)

1. CIMCO and the Plans request that the Commission issue an order pursuant to section 17(b) of the 1940 Act exempting them from the provisions of section 17(a) of the 1940 Act to the extent necessary to permit the Plans to purchase shares of the Fund with investment securities of the Plans. 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 person, acting as principal, from knowingly selling any security or other property to that company. Section 17(a)(2) of the 1940 Act generally prohibits the persons described above, acting as principals, from knowingly purchasing any security or other property from the registered investment company.

2. Section 17(b) of the 1940 Act provides that the Commission may, upon application, grant an order

exempting any transaction from the prohibitions of section 17(a) if the evidence establishes that: (i) 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; (ii) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act; and (iii) the proposed transaction is consistent with the general purposes of the 1940 Act.

3. Section 2(a)(3) of the 1940 Act defines the term "affiliated person of another person" in relevant part as: "(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person.* * *

4. CIMCO and the Plans assert that since a person under common control with a registered investment company is an affiliated person of that investment company, CIMCO and the CUNA Mutual Life Plans are affiliated persons of the Fund and of all of its investment portfolios. In addition, because CUNA Mutual Life owns of record more than 5% of the shares of each of the Fund's investment portfolios, CUNA Mutual Life is an affiliated person of the Fund and each of the Fund's investment portfolios. The Plans' proposal to purchase Fund shares with investment securities would entail the sale of such securities by the Plans (or by CIMCO and the Plans), acting as principal, to the Fund and therefore would contravene section 17(a).

5. Because each person who is under common control with a registered investment adviser is an affiliated person of that adviser, the CUNA Mutual Plans are affiliated persons of an affiliated person of the Fund.

6. CIMCO and the Plans assert that because CUNA Mutual Life owns of record all shares of the Fund and because section 2(a)(9) of the 1940 Act establishes a presumption that a person owning 25% or more of another person's outstanding voting securities controls the latter person, the Fund and each of its investments portfolios is arguably under the control of CUNA Mutual Life notwithstanding the fact that variable contract owners may be

considered the beneficial owners of any such shares. CIMCO and the Plans further submit that, because CIMCO and the CUNA Mutual Life Plans are controlled by CUNA Mutual Life, they, the Fund, and the Fund's portfolios are under the common control of CUNA Mutual Life. Because CIMCO is also controlled by CUNA Mutual as are the CUNA Mutual Plans, CIMCO and the CUNA Mutual Plans are under common control.

7. CIMCO and the Plans represent that the terms of the proposed transactions as set forth in the application, including the consideration to be paid and received: (i) Are reasonable and fair and do not involve overreaching on the part of any person concerned; (ii) are consistent with the policies of the Fund and of its Capital Appreciation Stock Fund, Growth and Income Stock Fund, Balanced Fund, Bond Fund and its Money Market Fund, as recited in its current registration statement and reports filed under the 1940 Act; and (iii) are consistent with the general purposes of the 1940 Act.

8. Subject to certain enumerated conditions, Rule 17a-7 under the 1940 Act exempts from the prohibitions of section 17(a) a purchase or sale transaction between: (i) Registered investment companies or separate series of registered investment companies, which are affiliated persons, or affiliated persons of affiliated persons, of each other, (ii) between separate series of a registered investment company; or (iii) between a registered investment company or a separate series of a registered investment company and a person which is an affiliated person of such registered investment company (or affiliated person of such person) solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors, and/or common officers.

9. CIMCO and the CUNA Mutual Plans submit that they cannot rely on Rule 17a-7 because they are not affiliated persons of the Fund (or of the Bond Fund, Money Market Fund or the Treasury 2000 fund) solely by reason of having a common investment adviser or affiliated investment advisers, common directors, and/or common officers. Likewise, the CUNA Mutual Plans cannot rely on Rule 17a-7 because they are not affiliated persons of an affiliated person of the Fund solely by reason of having a common investment adviser or affiliated investment advisers, common directors, and/or common officers. Moreover, CIMCO and the Plans also note that since the proposed purchase of Fund shares by the Plans involves the

purchase and sale of securities for securities, the proposed transaction does not meet the condition of Rule 17a-7 that the transaction be a purchase or a sale for no consideration other than cash payment against prompt delivery of a security for which market quotations are readily available.

10. CIMCO and the Plans maintain that the terms of the proposed transactions, including the consideration to be received by the Fund, are reasonable, fair, and do not involve overreaching by investment company affiliates principally because the transactions will conform in all material respects with the substance of all but one of the conditions enumerated in Rule 17a-7. CIMCO and the Plans assert that where, as here, they or the relevant investment company would comply in substance with, but cannot literally meet all of the requirements of, Rule 17a-7, the Commission should consider the extent to which they would meet the Rule 17a-7 or other similar conditions, and issue an order if the protections of Rule 17a-7 would be provided in substance.

11. CIMCO and the Plans submit that the proposed transactions would offer to the Fund the same degree of protection from overreaching that Rule 17a-7 offers to investment companies generally in connection with qualifying non-investment company affiliates of such investment companies. Although the transactions will not be for cash, each will be effected based upon: (i) The independent market price of the Plans' investment securities valued as specified in Rule 17a-7(b), and (ii) the net asset value per share of the Capital Appreciation Stock Fund, Growth and Income Stock Fund, Balanced Fund, Bond Fund or the Money Market Fund, valued in accordance with the procedures disclosed in the Fund's registration statement and as required by Rule 22c-1 under the 1940 Act. CIMCO and the Plans represent that no brokerage commission, fee, or other remuneration will be paid to any party in connection with the proposed transactions. In addition, although the board of trustees of the Fund will not adopt specific procedures to govern the proposed transactions (because there will be at most only one such transaction for each Plan), it will scrutinize and specifically approve by resolution each such transaction, including the price to be paid for the Fund's shares and the nature and quality of the securities offered in payment for such shares.

12. CIMCO and the Plans represent that the proposed sale of additional shares is consistent with the investment

policy of the Capital Appreciation Stock Fund, Growth and Income Stock Fund, Balanced Fund, Bond Fund and Money Market Fund, as recited in the Fund's registration statement, and the sale of shares for investment securities, as contemplated by the proposed transactions, is also consistent with these investment policies provided that: (i) The shares are sold at net asset value, and (ii) the securities are of the type and quality that each investment portfolio would have acquired with the sale proceeds had the shares been sold for cash. As recited in the conditions listed below, the Fund's board of trustees will examine the portfolios of each CUNA Mutual Life and CUNA Mutual Defined Contribution Plan, capital appreciation stock investment portfolio, growth and income stock investment portfolio, balanced investment portfolio, bond investment portfolio and money market portfolio as well as any securities offered by the other Plans and only approve the proposed transactions if they, including a majority of these trustees who are not interested persons of the Fund, or interested persons of such persons, determine that (i) and (ii) would be met.

13. The proposed transactions, as described herein, are consistent with the general purposes of the 1940 Act as stated in the Findings and Declaration of Policy in Section 1 of the 1940 Act. The proposed transactions do not present any of the conditions or abuses that the 1940 Act was designed to prevent.

14. CIMCO and the Plans also assert that the proposed transactions, in addition to meeting the standards of Section 17(b) vis-a-vis the Fund, are fair and reasonable to the Plans and are in the best interests of the Plan participants as determined by the plan committees of each Plan. In particular, CIMCO and the Plans submit that the proposed transactions are consistent with the policy and purpose of the Plans as recited in each Plan's plan documents, and are consistent with the provisions of ERISA (applicable to defined contribution plans) regarding reporting and disclosure, participation and vesting, funding, fiduciary responsibility, administration and enforcement.

15. CIMCO and the Plans represent that the plan committee of each Plan will determine that the proposed transactions are in the best interests of participants in their Plan, and are consistent with the policies and purpose of the Plan as recited in the Plans themselves. In particular, the plan committee of each CUNA Mutual Life Defined Contribution Plan and CUNA

Mutual Defined Contribution Plan will determine that the Fund's Capital Appreciation Stock Fund has substantially the same investment objects as the Plans' capital appreciation stock investment portfolio, the Fund's Growth and Income Stock Fund has substantially the same investment objects as the Plans' growth and income stock investment portfolio, the Fund's Balanced Fund has substantially the same investment objectives as the Plans' balanced investment portfolio, the Fund's Bond Fund has substantially the same investment objectives as the Plans' bond investment portfolio, and that the Fund's Money Market Fund has substantially the same investment objectives as the Plans' money market investment portfolio.

16. CIMCO and the Plans represent that Plan participants will benefit from the fact that the expense of liquidating Plan assets, purchasing Fund shares with cash, and reinvesting the cash in substantially the same assets, would be avoided. CIMCO and the Plans further represent that, in light of the fact that the plan committees of the CUNA Mutual Life and the CUNA Mutual Defined Contribution Plans will have determined that the Fund's Capital Appreciation Stock Fund, Growth and Income Stock Fund, Balanced Fund, Bond Fund and Money Market Fund should replace the Plans' current capital appreciation stock investment portfolio, growth and income stock investment portfolio, balanced investment portfolio, bond investment portfolio and money market investment portfolio, respectively, the proposed transactions would greatly diminish the expense of this replacement to Plan participants.

17. CIMCO and the Plans represent that the proposed transactions are consistent with the provisions of ERISA applicable to defined contribution plans regarding reporting and disclosure, participation and vesting, funding, fiduciary responsibility, administration and enforcement.

18. CIMCO and the plans represent and agree that if the exemptions requested in the application pursuant to section 17(b) of the 1940 Act are granted, the Plans will purchase shares of the Fund with investment securities only if the following conditions are met:

1. The transactions are effected at the "independent current market price" of the investment securities as that term is defined in Rule 17a-7 under the 1940 Act, and at the net asset value of appropriate Fund shares next computed after the closing of the transaction.

2. No brokerage commission, fee (except for customary transfer fees), or other

remuneration is paid in connection with the transactions.

3. The Fund's board of trustees, including a majority of those trustees who are not interested persons of the Fund, or interested persons of such persons, reviews the terms of the transactions, the composition of the investment portfolios of the Plans to be used as the purchase price in the transactions, and the value (and the valuation method) of the investment securities comprising the purchase price in the transactions; and adopts a resolution determining separately for each transaction, that the transaction is reasonable and fair to the existing investors in the appropriate Fund investment portfolio, that the transaction would not subject the Fund to overreaching and that the investment securities offered by the Plan trustees on behalf of each Plan in that transaction are consistent with the investment objective, policies and restrictions of the related Fund investment portfolio.

4. The Fund agrees in writing that it will maintain and preserve for a period of not less than six years from the end of the fiscal year in which the transaction occurs, the first two years in an easily accessible place, a written record of each such transaction setting forth a description of the investment securities used as the purchase price for Fund shares, the terms of such transaction, and the information and materials upon which the determinations described in condition 3 above were made.

Conclusion

1. CIMCO and the Plans request an order of the Commission pursuant to section 17(b) of the 1940 Act, exempting them from section 17(a) of the 1940 Act to the extent necessary to permit the Plans to purchase shares of the Fund with investment securities of the Plans. CIMCO and the Plans represent that, for the reasons stated above, the terms of the proposed transactions, including the consideration to be paid and received, are reasonable and fair to the Fund, to its Capital Appreciation Stock Fund, its Growth and Income Stock Fund, its Balanced Fund, its Bond Fund and its Money Market Fund, to shareholders and the variable contract owners invested in each of these Funds and do not involve overreaching on the part of any person concerned. Furthermore, the proposed transactions will be consistent with the policies of the Fund and of its Capital Appreciation Stock Fund, its Growth and Income Stock Fund, its Balanced Fund, its Bond Fund and its Money Market Fund as stated in the Fund's current registration statement and reports filed under the 1940 Act and with the general purposes of the 1940 Act.

2. In addition, the section 6(c) Applicants request an order of the Commission pursuant to section 6(c) of the 1940 Act, exempting them and any future accounts from the provisions of

sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act, and Rule 6e-3(T)(b)(15) thereunder, to the extent necessary for the Account and any future accounts to hold shares of the Fund at the same time that the Plans and the unaffiliated plans hold shares of the Fund or for the Account and any unaffiliated future account simultaneously hold shares of the Fund. The section 6(c) Applicants submit that, for the reasons stated above, the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the 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.

Jonathan G. Katz,

Secretary.

[FR Doc. 97-20048 Filed 7-30-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26745]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

July 25, 1997.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by August 18, 1997, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, and serve a copy on the relevant applicant(s) and/or 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 of 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.

Central Power and Light Company, et al. (70-9075)

Central Power and Light Company, 539 North Carancahua Street, Corpus Christi, Texas 78401-2802, Public Service Company of Oklahoma, 212 East Sixth Street, Tulsa, Oklahoma 74119-1212, Southwestern Electric Power Company, 428 Travis Street, Shreveport, Louisiana 71156-0001, and West Texas Utilities Company, 301 Cypress Street, Abilene, Texas 79601-5820, each an electric public-utility subsidiary company (collectively, "Operating Companies") of Central and South West Corporation ("CSW"), a registered holding company, and Central and South West Services, Inc. ("CSW Services"), Williams Tower 2, 2 West 2nd Street, Tulsa, Oklahoma 74103, a service company subsidiary of CSW, have filed an application under sections 9(a) and 10 of the Act and rule 54 under the Act.

The Operating Companies, directly or through CSW Services, propose to enter into arrangements with one or more providers ("Plan Providers") of warranty plans ("Plans") for the servicing and repair of appliances and offer the Plans to their customers. Applicants propose to offer Plans for kitchen and laundry appliances, heating, ventilation and air conditioning systems, personal computer systems and home entertainment video and audio systems.

The Plans would be offered to customers of the Operating Company using marketing materials either designed or approved by the Operating Companies and mailed to customers using the billing and mailing systems of the Operating Companies. The Plans would be legal obligations of the Plan Providers, underwritten by such insurance arrangements as the Operating Companies might require. The Plan Providers would be responsible for responding to customers' calls for service and for making arrangements with adequately licensed and insured service contractors to perform the services covered by the Plans. In certain cases, the Operating Companies might qualify as service contractors under the Plans.

The Operating Companies would bill enrolled customers for monthly Plan fees and remit the fees to the Plan Providers. Either the Plan Providers would pay a service and administration fee to the Operating Companies, or the Operating Companies would retain such a fee out of the monthly Plan fees. The

Operating Companies would have no responsibility for ensuring payment of the monthly fees.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-20169 Filed 7-30-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22764; 811-3879]

Seilon, Inc.; Notice of Application

July 25, 1997.

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

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Seilon, Inc. ("Seilon").

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on March 18, 1997, and amended on July 9, 1997.

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 August 19, 1997, and should be accompanied by proof of service on 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 5th Street, NW., Washington, DC 20549. Applicant, P.O. Box 411, 212 West Main Street, Smithville, Missouri 64089.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Staff Attorney, at (202) 942-0574, or Mercer E. Bullard, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.