payment years beginning in September 1997 is 5.59 percent (*i.e.*, 85 percent of the 6.58 percent yield figure for August 1997).

The following table lists the assumed interest rates to be used in determining variable-rate premiums for premium payment years beginning between October 1996 and September 1997. The rates for July through September 1997 in the table reflect an applicable percentage of 85 percent and thus apply only to non-RPU plans. However, the rates for months before July 1997, which reflect an applicable percentage of 80 percent, apply to RPU (and ''partial'' RPU) plans as well as to non-RPU plans.

For premium payment years beginning in:	The assumed interest rate is:
October 1996	5.62
November 1996	5.45
December 1996	5.18
January 1997	5.24
February 1997	5.46
March 1997	5.35
April 1997	5.54
May 1997	5.67
June 1997	5.55
July 1997	5.75
August 1997	5.53
September 1997	5.59

For premium payment years beginning in September 1997, the assumed interest rate to be used in determining variable-rate premiums for RPU plans (determined using an applicable percentage of 80 percent) is 5.26 percent. For ''partial'' RPU plans, the assumed interest rates to be used in determining variable-rate premiums can be computed by applying the rules in § 4006.5(g) of the premium rates regulation. The PBGC's 1997 premium payment instruction booklet also describes these rules and provides a worksheet for computing the assumed rate.

Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC's regulation on Allocation of Assets in Single-employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in October 1997 under part 4044 are contained in an amendment to part 4044 published elsewhere in today's **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, D.C., on this 10th day of September 1997.

David M. Strauss,

Executive Director, Pension Benefit Guaranty Corporation.

[FR Doc. 97–24396 Filed 9–12–97; 8:45 am]

BILLING CODE 7708–01–P

SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Equisure, Inc., Common Stock, $0.001 Par Value) File No. 1–12483

September 10, 1997.

Equisure, 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 security (''Security'') from listing and registration on the American Stock Exchange, Inc. (''Amex'' or ''Exchange'').

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

According to the Company, on August 14, 1997, the Company received a letter from the Exchange stating that the Exchange had made a determination to delist the Security.

The Company has decided to settle matters by removing the Security from the Exchange. The Company believes that due to the impasses between the Exchange and the Company and the anticipated large expenditures of money and management time that would be required before a final resolution of the matters at issue could be obtained, it is in the best interest of the Company and its shareholders that matters be settled by delisting the Security from the Exchange.

The Exchange has also agreed that it would be in the best interest of the Exchange and the investing public to resolve this issue between the Company and the Exchange in this manner.

Any interested person may, on or before September 30, 1997, 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. 96–24377 Filed 9–12–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22814; File No. 812–10614]

LEVCO Series Trust, et al.; Notice of Application

September 9, 1997.

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

ACTION: Notice of application for an order under Section 6(c) of the Investment Company Act of 1940 (the ''1940 Act'') for exemptions from the provisions of Section 9(a), 13(a), 15(a) and 15(b) of the 1940 Act and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to permit shares of the LEVCO Series Trust and shares of any other open-end investment company that is designed to fund insurance products and for which John A. Levin & Co. or any of its affiliates may serve as investment adviser, administrator, manager, principal underwriter, or sponsor (collectively, the ''Trust'') to be sold to and held by: (1) Separate accounts funding variable annuity and variable life insurance contracts (''Separate Accounts'') issued by both affiliated and unaffiliated life insurance companies (''Participating Insurance Companies''); and (2) certain qualified pension and retirement plans outside the separate account context.

APPLICANTS: LEVCO Series Trust (the ''LEVCO Trust'') and John A. Levin & Co. (the ''Investment Adviser'').

FILING DATES: The application was filed on April 18, 1997, and amended and restated on August 15, 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, in person or by mail. Hearing requests must be received by the Commission by

5:30 p.m. on October 6, 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, N.W., Washington, D.C. 20549. Applicants, c/o Schulte Roth & Zabel LLP, Attention: Kenneth S. Gerstein, Esq., 900 Third Avenue, New York, New York, 10022.

FOR FURTHER INFORMATION CONTACT: Zandra Y. Bailes, Attorney, or Mark C. Amorosi, Branch Chief, Division of Investment Management, Office of Insurance Products, 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, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicants' Representation

1. The LEVCO Trust is a Delaware business trust and is registered under the 1940 Act as an open-end diversified management investment company. It currently consists of one series known as LEVCO Equity Value Fund (''Equity Value Fund''). Additional series may in the future be authorized (each, including Equity Value Fund, a ''Series''). Each Series may issue one or more classes of shares representing interests therein, subject to compliance with the provisions of Rule 18f–3 under the 1940 Act. Certain classes of shares may incur fees or bear certain costs relating to the distribution of shares of such class pursuant to plans adopted in accordance with Rule 12b–1 under the 1940 Act.

2. The Investment Adviser serves as the investment adviser to the LEVCO Trust. The Investment Adviser is an indirect, wholly-owned subsidiary of Baker, Fentress & Company, a registered closed-end investment company listed on the New York Stock Exchange.

3. Shares of the Trust will be offered to Participating Insurance Companies and their Separate Accounts to enable the Series to serve as the investment vehicles for various types of insurance products, which may include all variations of variable annuity and variable life insurance contract (the ''Variable Contracts'').

4. Shares of the Trust also may be offered and sold directly to certain qualified pension and retirement plans (''Qualified Plans'').

Applicants' Legal Analysis

1. Applicants request that the Commission issue an order under Section 6(c) of the 1940 Act exempting variable life insurance Separate Accounts (and, to the extent necessary, any principal underwriter or depositor of such an account) and Applicants from Sections 9(a), 13(a), 15(a) and 15(b) and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Trust to be offered and sold to both variable annuity separate accounts and variable life insurance separate accounts of the same life insurance company or affiliated life insurance companies (*i.e.*, mixed funding) and to permit shares of the Trust to be offered and sold to Separate Accounts of unaffiliated life insurance companies (*i.e.*, share funding) and to Qualified Plans.

2. Section 6(c) of the 1940 Act authorizes the Commission, by order upon application, to conditionally or unconditionally exempt any person, security or transaction, or any class or classes of persons, securities or transactions from any provisions of the 1940 Act or the rules or regulations thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

3. In connection with the funding of scheduled premium variable life insurance contracts issued through separate accounts registered under the 1940 Act as unit investment trust, Rule 6e–2(b)(15) under the 1940 Act provides partial exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act. The exemptions granted by Rule 6e–2(b)(15) are available, however, only where all of the assets of the separate account consist of the shares of one or more registered management investment companies which offer their shares ''exclusively to variable life insurance separate accounts of the life insurer, or of any affiliated life insurance company'' (emphasis supplied).[1] Therefore, the relief granted by Rule 6e–2(b)(15) is not available with respect to a separate account that owns shares of an underlying fund that also offers its shares to both variable annuity and variable life insurance separate accounts of the same company or of any affiliated life insurance company. In addition, the relief granted by Rule 6e–2(b)(15) is not available if shares of the underlying management investment company are offered to separate accounts of unaffiliated life insurance companies or to Qualified Plans.

4. Applicants submit that the relief granted by Rule 6e–2(b)(15) is in no way affected by the purchase of shares of the Trust by Qualified Plans. However, because the relief under Rule 6e–2(b)(15) is available only where shares are offered *exclusively* to Separate Accounts, additional exemptive relief is necessary if shares of the Trust are also to be sold to Qualified Plans.

5. In connection with flexible premium variable life insurance contracts issued through a separate account, 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 exemptions granted by Rule 6e–3(T) are available only to separate accounts that own shares of underlying funds that offer 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'' (emphasis supplied).[2] Therefore, Rule 6e–3(T) permits mixed funding, but does not permit shared funding.

6. Because the relief under Rule 6e–3(T) is available only where shares are offered exclusively to separate accounts of insurance companies, additional exemptive relief is necessary if shares of the Trust also are to be sold to Qualified Plans.

7. Current tax law permits the Trust to increase its asset base through the sale of its shares to Qualified Plans. Section 817(h) of the Internal Revenue Code of 1986, as amended (the ''Code''), imposed certain diversification standards on fund investments underlying Variable Contracts. Treasury Regulations provide that, to meet the diversification requirements, all of the beneficial interests in the underlying investment company must be held by the segregated asset accounts of one or more insurance companies. The Treasury Regulations, however, also contain certain exceptions to this requirement, one of which allows shares in the investment company to be held by the trustee of a Qualified Plan

[1] The exemptions provided by Rule 6e–2 also are available to the investment adviser, principal underwriter, and sponsor or depositor of the separate account.

[2] The exemptions provided by Rule 6e–3(T) also are available to the investment adviser, principal underwriter, and sponsor or depositor of the separate account.

without adversely affecting the ability of life insurance companies to hold shares in the same investment company in their separate accounts (Treas. Reg. 1.817–5(f)(3)(iii)).

8. Applicants state that the promulgation of Rules 6e–2(b)(15) and 6e–3(T)(b)(15) under the 1940 Act preceded the issuance of the Treasury Regulations. Applicants assert that, given the then-current tax law, the sale of shares of the same investment company to both separate accounts and Qualified Plans was not envisioned at the time of the adoption of of Rules 6e–2(b)(15) and 6e–3(T)(b)(15).

9. Section 9(a) of the 1940 Act provides that it is unlawful for any person to serve as investment adviser to or principal underwriter of any registered open-end investment company if an affiliated person of that company is subject to a disqualification enumerated in Section 9(a) (1) or (2). 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. These exemptions limit the application of the eligibility restrictions to affiliated individuals or companies that directly participate in the management of the underlying fund.

10. Applicants state that the partial relief granted in Rules 6e–2(b)(15) and 6e–3(T)(b)(15) from the requirements of Section 9, 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 Section 9. 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 typically will have no involvement in matters pertaining to investment companies within that organization. Applicants assert, therefore, that applying the restrictions of Section 9(a) to all individuals in Participating Insurance Companies that participate in mixed and shared funding arrangements serves no regulatory purpose.

11. Applicants state that the relief requested should not be affected by the proposed sale of shares of the Trust to Qualified Plans because the Qualified Plans are not investment companies, and will not be deemed to be affiliated solely by virtue of their shareholdings.

12. Applicants state that Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) assume the existence of a ''pass-through'' voting requirement with respect to management investment company shares held by a separate account. Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) provide partial exemptions from the pass-through voting requirement, under certain circumstances. More specifically, of Rules 6e–2(b)(15)(iii)(A) and 6e–3(T)(b)(15)(iii)(A) provide that the insurance company may disregard the voting instructions of its contract owners with respect to the investments of an underlying fund, or any contract between a fund and its investment adviser, when required to do so by an insurance regulatory authority and subject to certain requirements. In addition, Rules of Rules 6e–2(b)(15)(iii)(B) and 6e–3(T)(b)(15)(iii)(A)(*2*) provide that the insurance company may disregard voting instructions of its contract owners if the contract owners initiate any change in the company's investment policies, 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).

13. Applicants state that Rule 6e–2 recognizes that a variable life insurance contract is an insurance contract and is subject to extensive state insurance regulation. Applicants maintain, therefore, that in adopting of Rules 6e–2(b)(15)(iii), the Commission expressly recognized that state insurance laws or regulators have authority, pursuant to state insurance laws or regulations, to disapprove or require changes in investment policies, investment advisers or principal underwriters. The Commission also expressly recognized that state insurance regulators have authority to require a life insurance company to draw from its general account to cover costs imposed upon the insurer by a change approved by contract owners over the insurer's objection. The Commission therefore deemed such exemptions necessary ''to assure the solvency of the life insurer and performance of its contractual obligations by enabling an insurance regulatory authority or life insurer to act when certain proposals reasonably could be expected to increase the risks undertaken by the life insurer. In this respect, flexible premium variable life insurance contracts are identical to scheduled premium variable life insurance contracts. Therefore, Rule 6e–3(T)'s corresponding provisions for flexible premium variable life insurance contracts undoubtedly were adopted in recognition of the same considerations as the Commission applied in adopting Rule 6e–2.

14. Applicants maintain that these considerations are no less important or necessary when an insurance company funds its separate accounts in connection with mixed and shared funding. Such mixed and shared funding does not compromise the goals of the insurance regulatory authorities or of the Commission. Applicants argue that by permitting such arrangements, the Commission eliminates needless duplication of start-up and administrative expenses and potentially increases an investment company's assets, thereby making portfolio management strategies easier to implement and promoting other economies of scale.

15. Applicants further represent that the sale of the Trust's shares to Qualified Plans will not impact the relief requested in this regard. Shares of the Trust sold to Qualified Plans would be held by the trustees of such Qualified Plans as required by Section 403(a) of the Employment Retirement Income Security Act (''ERISA''). Section 403(a) also provides that the trustee(s) must have exclusive authority and discretion to manage and control the Plan with two exceptions: (1) When the Qualified Plan expressly provides that the trustee(s) 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 Qualified Plan and not contrary to ERISA, and (2) when the authority to manage, acquire or dispose of assets of the Qualified Plan is delegated to one or more investment managers pursuant to Section 402(c)(3) of ERISA. Unless one of the two exceptions stated in Section 403(a) applies, Qualified 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 the named fiduciary. In any event, there is no pass-through voting to the participants in such Qualified 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 Qualified Plans.

16. 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 or all states. In this regard, Applicants note that a particular state insurance regulatory body could require action that is inconsistent with the requirements of insurance regulators in one or more other states in which the insurance company offers its policies. Applicants submit that the fact that different insurers may be domiciled in different states does not create a significantly different or enlarged problem.

17. Applicants assert that shared funding is no different than the use of the same investment company as the funding vehicle for affiliated insurers, which Rules 6e–2(b)(15) and 6e–3(T)(b)(15) permit. Affiliated insurers may be domiciled in different states and be subject to differing state law requirements. Affiliation does not reduce the potential, if any exists, for differences in state regulatory requirements. In any event, Applicants submit that the conditions discussed below (which are adapted from the conditions included in Rule 6e–3(T)(b)(15)) are designed to safeguard against, and provide procedures for resolving, any adverse effects that differences among state regulatory requirements may produce.

18. Applicants note the Rules 6e–2(b)(15) and 6e–3(T)(b)(15) give an insurance company the right to disregard the voting instructions of contract owners. Applicants submit that this does not raise any issues different from those raised by the authority of state insurance administrators over separate accounts. Affiliation does not eliminate the potential, if any exists, for divergent judgments as to the advisability or legality of a change in investment policies, principal underwriter, or investment adviser initiated by contract owners. The potential for disagreement is limited by the requirements in Rules 6e–2 and 6e–3(T) that the insurance company's disregard of voting instructions be reasonable and based on specific good-faith determinations.

19. Applicants state that there is no reason why the investment policies of the Trust 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. In this regard Applicants note that each type of variable insurance product is designed as a long-term investment program. Moreover, Applicants represent that each Series will be managed to attempt to achieve the investment objective of such Series and not to favor or disfavor any particular insurance company or type of insurance product.

20. Furthermore, Applicants submit that no one investment strategy can be identified as appropriate to a particular insurance product. Each pool of variable annuity and variable life insurance contract owners is composed of individuals of diverse financial status, age, insurance, and investment goals. A fund supporting even one type of insurance product must accommodate those factors in order to attract and retain purchasers.

21. In connection with the proposed sale of shares of the Trust to Qualified Plans, Applicants submit that either there are no conflict of interest or there exists the ability by the affected parties to resolve any such conflicts without harm to the contract owners in the Separate Accounts or to the participants in the Qualified Plans. Applicants note that Section 817(h) of the Code imposes certain diversification standards on fund assets underlying Variable Contracts. 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 Revenue Rulings thereunder, present any inherent conflicts of interest if Qualified Plans, variable annuity separate accounts, and variable life insurance separate accounts all invest in the same management investment company.

22. Applicants note that while there are differences in the manner in which distributions are taxed for variable annuity contracts, variable life contracts and Qualified Plans, these tax consequences do not raise any conflicts of interest. When distributions are to be made, and a Separate Account or Qualified Plan is unable to net purchase payments to make the distributions, the Separate Account or the Qualified Plan will redeem shares of the Trust at their respective net asset value. The Qualified Plan will then make distributions in accordance with the terms of the Qualified Plan, and the Participating Insurance Company will make distributions in accordance with the terms of the Variable Contract.

23. With respect to voting rights, Applicants state that it is possible to provide an equitable means of giving voting rights to Separate Account contract owners and to the trustees of Qualified Plans. Applicants represent that the transfer agent for the Trust will inform each Participating Insurance Company of its share ownership in each Separate Account, and will inform the trustees of Qualified Plans of their holdings. Each Participating Insurance Company will then solicit voting instructions in accordance with Rules 6e–2 and 6e–3(T).

24. Applicants contend that the ability of the Trust to sell its shares directly to Qualified Plans does not create a ''senior security,'' as such term is defined under Section 18(g) of the 1940 Act. Regardless of the rights and benefits of participants and contract owners under the respective Qualified Plans and Variable Contracts, the Qualified Plans and the Separate Accounts have rights only with respect to their shares of the Trust. Such shares may be redeemed only at their net asset value. No shareholder of the Trust will have any preference over any other shareholder of the Trust with respect to distribution of assets or payment of dividends.

25. Applicants submit that there are no conflicts between the contract owners of the Separate Accounts and participants under the Qualified Plans with respect to the state insurance commissioners' veto powers (direct with respect to variable life insurance and indirect with respect to variable annuities) over investment objectives. The state insurance commissioners have been given the veto power in recognition of the fact that insurance companies cannot simply request redemption of shares held by their Separate Accounts and have shares redeemed out of one fund and invested in another. Generally, to accomplish such redemptions and transfers, complex and time-consuming transactions must be undertaken. Conversely, trustees of Qualified Plans can make the decision and implement redemption of shares from the Trust and reinvest in another funding vehicle without the same regulatory impediments, or even hold cash pending suitable investment. Based on the foregoing, Applicants represent that even if there should arise issues where the interests of Qualified Plans are in conflict, the issues can be almost immediately resolved because the trustees of the Qualified Plans can, independently, redeem the shares of the Trust which they hold.

26. Applicants state that various factors have kept certain insurance companies from offering variable annuity and variable life insurance contracts. According to Applicants, these factors include the costs of organizing and operating an investment funding medium, the lack of expertise with respect to investment management

(principally with respect to stock and money market investments) and the lack of name recognition by the public of certain insurers as investment professionals. Applicants contend that use of the Trust as common investment media for Variable Contracts as well as for Qualified Plans would ease these concerns. Participating Insurance Companies and Qualified Plans would benefit not only from the investment and administrative expertise of the Investment Adviser and its affiliates, but also from the cost efficiencies and investment flexibility afforded by a large pool of funds. Applicants state that making the Trust available for mixed and shared funding may encourage more insurance companies to offer Variable Contracts which may then increase competition with respect to both the design and the pricing of Variable Contracts. Thus, Applicants represent that contract owners would benefit because mixed and shared funding will eliminate a significant portion of the costs of establishing and administering separate funds. Moreover, Applicants assert that sales of shares of the Trust to Qualified Plans should increase the amount of assets available for investment by the Trust. This should, in turn, promote economies of scale and permit increased safety of investments through greater diversification.

Applicants' Conditions

Applicants have consented to the following conditions:

1. A majority of the Board of Trustees of each Trust (each, a ''Board'') shall consist of persons who are not ''interested persons'' of the Trust, as defined by Section 2(a)(19) of the 1940 Act, and the rules thereunder, and as modified by any applicable orders of the Commission, except that if this condition is not met by reason of the death, disqualification or bona fide resignation of any trustee, 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. The Board will monitor the Trust for the existence of any material irreconcilable conflict between and among the interests of the variable annuity and variable life insurance contract owners investing in the Separate Accounts and participants in all Qualified Plans investing in Series of the Trust 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 any Series are being managed; (e) a difference in voting instructions given by variable annuity contract owners and owners of variable life insurance contracts and trustees of the Plans; or (f) a decision by a Participating Insurance Company to disregard the voting instructions of contract owners.

3. If a Qualified Plan becomes an owner of 10% or more of the assets of the Trust, such Plan will execute a participation agreement with the Trust that provides appropriate protection consistent with the representations in the application. In connection with its initial purchase of shares of the Trust, the Qualified Plan will be required to acknowledge this condition in its application to purchase the shares.

4. The Participating Insurance Companies, the Investment Adviser and any Qualified Plan that executes a fund participation agreement upon becoming an owner of 10% or more of the issued and outstanding shares of the Trust (collectively, the ''Participating Entities'') will report any potential or existing conflicts to the Board. Participating Entities will be responsible for assisting the Board in carrying out the responsibilities of the Board 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 contract owner voting instructions are disregarded. The responsibility to report such conflicts and information to the Board and to assist the Board will be a contractual obligation of all Participating Insurance Companies and Qualified Plans investing in the Trust; these responsibilities will be carried out with a view only to the interest of the contract owners and participants in Qualified Plans.

5. If it is determined by a majority of a Board, or a majority of its disinterested trustees, that a material irreconcilable conflict exists, the relevant Participating Insurance Companies and Qualified Plans shall, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested trustees), take whatever steps are necessary to remedy or eliminate the irreconcilable material conflict, up to and including: (a) Withdrawing the assets allocable to some or all of the Separate Accounts from the affected Series of the Trust and reinvesting such assets in a different investment medium, including another Series, or submitting the question of whether such segregation should be implemented to a vote of all affected contract owners and, as appropriate, segregating the assets of any appropriate group (*i.e.*, variable annuity contract owners 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 contract owners the option of making such a change; (b) withdrawing the assets allocable to some or all of the Qualified Plans from the affected Series of the Trust and reinvesting those assets in a different investment medium, including another Series; 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 voting instructions of the owners of the contracts, 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 Trust, within its sole discretion, to withdraw its Separate Account's investment in the Trust, with no charge or penalty being imposed. The responsibility to take remedial action in the event of a Board determination of an irreconcilable material conflict and to bear the cost of such remedial action will be a contractual obligation of all Participating Insurance Companies and all Qualified Plans under the agreements governing their participation in the Trust. The responsibility to take such remedial action shall be carried out with a view only to the interests of contract owners and participants in Qualified Plans.

6. For the purposes of Condition 5, a majority of the disinterested members of the Board shall determine whether or not any proposed action adequately remedies any material irreconcilable conflict, but, in no event will the Trust or the Investment Adviser be required to establish a new funding medium for any Variable Contract. No Participating

Insurance Company shall be required by Condition 5 to establish a new funding medium for any Variable Contract if any offer to do so has been declined by the vote of a majority of contract owners who are materially and adversely affected by the irreconcilable material conflict.

7. A Board's determination of the existence of an irreconcilable material conflict and its implications will be made known promptly and in writing to all Participating Entities.

8. 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 annuity and variable life insurance contract owners. Accordingly, the Participating Insurance Companies will vote shares of the Trust held in their Separate Accounts in a manner consistent with voting instructions timely received from contract owners. Each Participating Insurance Company will vote shares of the Trust held in the Participating Insurance Company's Separate Accounts for which no voting instructions from contract owners are timely-received, as well as shares of the Trust which the Participating Insurance Company itself owns, in the same proportion as those shares of the Trust for which voting instructions from contract owners are timely-received. Participating Insurance Companies will be responsible for assuring that each of their Separate Accounts participating in the Trust calculates voting privileges in a manner consistent with other participation Insurance Companies. The obligation to calculate voting privileges in a manner consistent with all other Separate Accounts investing in the Trust shall be a contractual obligation of all Participating Insurance Companies under their agreements governing their participation in the trust. Each Qualified plan will vote as required by applicable law and governing Plan documents.

9. The Trust will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, shall be the persons having a voting interest in the shares of the Trust), and, in particular, the Trust will either 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 the Trust is not one of the trusts described in Section 16(c) of the 1940 Act), as well as with Section 16(a) of the 1940 Act, and, if and when applicable, Section 16(b) of the 1940 Act. Further, The Trust will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of trustees and with whatever rules the Commission may promulgate with respect thereto.

10. The Trust will notify all Participating Insurance Companies that Separate account prospectus disclosures regarding potential risks of mixed and shared funding may be appropriate. The trust will disclose in the prospectuses of the Series that: (a) The Trust is intended to be a funding vehicle for all types of variable annuity and variable life insurance contracts offered by various insurance companies and for certain qualified pension and retirement plans; (b) material irreconcilable conflicts possibly may arise; and (c) the Trust's Board will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict.

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

12. At least annually, the Participating Entities shall submit to the Board such reports, materials or data as the Board reasonably may request so that the Board may carry out fully the obligations imposed by the conditions contained in these conditions. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Board. The obligations of the Participating Entities to provide these reports, materials and data to the Board, when the Board so reasonably requests, shall be a contractual obligation of all Participating Entities under their agreements governing participation in the Trust.

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

Conclusion

For the reasons summarized above, Applicants assert that 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.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–24378 Filed 9–12–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–39028; File No. SR–CHX–97–15]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to a Specialist's De-Registration in an Issue

September 8, 1997.

I. Introduction

On June 4, 1997, the Chicago Stock Exchange, Inc. (''CHX'' or ''Exchange'') submitted to the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend Article XXX, Rule 1, Interpretation and Policy .01 of the CHX Rules, to change a policy of the Exchange's Committee on Specialist Assignment and Evaluation (''CSAE'') relating to the time periods for which a co-specialist must trade a security before deregistering as the specialist for the security. This policy would be in effect for a one year pilot program.

Notice of the proposed rule change, together with the substance of the proposal, was published for comment in Securities Exchange Act Release No. 38882 (July 28, 1997), 62 FR 41981 (August 4, 1997). No comments were received on the proposal. This order approves the proposed rule change.

II. Description

The Exchange's CSAE is responsible for, among other things, appointing

[1] 15 U.S.C. § 78s(b)(1).

[2] 17 CFR 240.19b–4.