Lending Fund if, at the time of such acquisition, (i) the Bank is an affiliated person of the Lending Fund or an affiliated person of an affiliated person of the Lending Fund, or (ii) the Lending Fund is an affiliated person of the Feeder Fund or an affiliated person of an affiliated person of the Feeder Fund, in either case, by means other than by directly or indirectly owning, controlling, or holding with the power of vote 5% or more of the shares of a Feeder Fund or a Master Fund by the Lending Fund or an affiliated person of the Lending Fund.

7. In connection with all matters requiring a vote of shareholders of a Feeder Fund, the Bank will pass through voting rights to those Lending Funds that have a beneficial interest in such Lending Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–27657 Filed 10–17–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. 22852; File No. 812–10534]

New England Life Insurance Co et al.; Notice of Application

October 10, 1997.

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

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the ''Act'') granting relief from rule 6e–2(c)(1) and from certain provisions of the Act and rules thereunder specified in paragraph (b) of rule 6e–2; and from sections 2(a)(32) and 27(i)(2)(A) of the Act and rules 6e–2(b)(12) and 22c–1 thereunder.

SUMMARY OF APPLICATION: Applicants seek exemptive relief to the extent necessary: (1) To permit them to offer and sell certain ''hybrid'' variable life insurance policies with modified scheduled premiums (''Policies''); and (2) to permit certain other persons which may become the principal underwriter for such Policies (''Future Underwriters'') to offer and sell such Policies.

APPLICANTS: New England Life Insurance Company (''NELICO''), New England Variable Life Separate Account (''Variable Account''), and New England Securities Corporation (''New England Securities'').

FILING DATE: The application was filed on February 28, 1997 and amended and restated on October 3, 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 by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 4, 1997, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549; Applicants, c/o Marie C. Swift, Esq., New England Life Insurance Company, 501 Boylston Street, Boston, Massachusetts 02116.

FOR FURTHER INFORMATION CONTACT: Lorna MacLeod, Attorney, or Kevin Kirchoff, Branch Chief, at (202) 942–0670, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: Following is a summary of the application; the complete application may be obtained for a fee from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington D.C. 20549 (tel. (202) 942–8090).

Applicants' Representations

1. NELICO is a Massachusetts stock life insurance company and is a wholly owned subsidiary of Metropolitan Life Insurance Company (''MetLife'').

2. The Variable Account was established as a separate investment account of NELICO on January 31, 1983, under Delaware law, and became subject to Massachusetts law when NELICO changed its domicile to Massachusetts on August 30, 1996. The Variable Account is registered under the Act as a unit investment trust. The Variable Account currently consists of eighteen investment sub-accounts, each of which invests its assets in a different portfolio of the New England Zenith Fund (the ''Zenith Fund''), the Variable Insurance Products Fund (the ''VIP Fund''), and the Variable Insurance Products Fund II (the ''VIP Fund II'').

3. New England Securities, which will act as the principal underwriter for the Polices, is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc (''NASD'').

4. Scheduled premiums for the Policy are payable until the insured reaches age 100. The scheduled premium amount depends on the face amount of the Policy, the insured's age, sex (if the Policy is sex-based), and underwriting class, the frequency of premium payments and any rider benefit premiums. Scheduled premiums for substandard and automatic issue classes reflect additional premiums that are charged for Policies in those categories. If all scheduled premiums are paid when due, the Policy will not lapse and will retain its minimum death benefit guarantee, even if unfavorable investment experience has reduced the cash value to zero.[1]

5. The Policy also provides considerable flexibility with respect to the timing and amount of premium payments. An owner of a Policy may make unscheduled payments at any time that the Policy is in force on a premium-paying basis (except any period during which scheduled premiums are being waived pursuant to a waiver-of-premium rider), provided that the unscheduled payment is at least $25 (or at least $10 for certain Policies) and, if required by NELICO, the insured has submitted evidence of insurability satisfactory to NELICO. In addition, NELICO's consent is required if, in order to satisfy tax law requirements, the payment would increase the Policy's death benefit by more than it would increase the cash value. NELICO reserves the right to prohibit or limit the amount of unscheduled payments under a Policy covering a substandard risk insured or under an automatic issue Policy.

6. An owner of a Policy may plan to make a certain amount of unscheduled payments, subject to NELICO's administrative procedures. Each net unscheduled payment will be allocated to the same sub-accounts as net scheduled premiums. At the owner's request, NELICO will include the amount of any unscheduled payments, planned to be made on the Policy anniversary, in the premium notice sent to the owner. However, the owner is required to pay only the scheduled

[1] A Policy may terminate when a Policy loan plus accrued interest exceeds the Policy's cash value, less the applicable Surrender Charge, on the next loan interest due date (or, if greater, on the date the calculation is made). NELICO notifies the Policy owner of such pending termination, and the Policy will terminate 31 days thereafter unless NELICO has received sufficient repayment to eliminate the excess Policy loan.

premium in order to keep the Policy in force on a premium paying basis.

7. The amount of net scheduled premiums due is automatically allocated to the Policy's sub-accounts, chosen by the Policy owner, on each scheduled premium due date. A scheduled premium which is unpaid as of its due date is in default, but the Policy provides a 31-day grace period for the payment of each scheduled premium after the first. For 60 days after the due date of a premium in default, NELICO will not impose the normal monthly administrative, minimum death benefit guarantee and cost of insurance charges against a Policy's cash value. If the scheduled premium in default is paid, these deductions will be made retroactively. If the Policy is surrendered while the premium is in default, the monthly deduction and a prorated cost of insurance charge are deducted from surrender proceeds. If the insured dies during the grace period and before the premium is paid, a prorated portion of the unpaid scheduled premium, measured from its due date to the date of death, will be deducted from the amount otherwise payable. As owner of a Policy may choose among several lapse options, which may include extended term insurance, fixed paid-up insurance or variable paid-up insurance, subject to restrictions set forth in the Policy.

8. An owner of a Policy may also elect the Special Premium Option, which permits an owner to skip one or more scheduled premium payments after the first Policy year, subject to the following conditions. NELICO will determine that payment of a scheduled premium that has not been paid by the end of the grace period is not required if: (a) The Policy's cash value on the premium due date (before NELICO advanced the premium due) exceeds the Policy's ''tabular cash value'' on that date by at least the amount of the scheduled premium due, including any rider and substandard risk or automatic issue premiums due; and (b) immediately after the Special Premium Option is exercised, the amount of any Policy loan outstanding plus accrued interest will not exceed the Policy's loan value.[2]

9. If NELICO permits nonpayment of a scheduled premium under the Special Premium Option, NELICO will deduct from the Policy's cash value, as of the premium due date, 91% of the portion of the annual administrative charge and of any rider, substandard risk or automatic issue premiums due on that date.

10. An owner of a Policy may also elect an automatic premium loan option. Under this option, if a scheduled premium has not been paid by the end of the grace period, the Policy's loan value will be used to pay the scheduled premium. If an owner of a Policy has elected both the Special Premium Option and the automatic premium loan provision, NELICO will first determine whether the Special Premium Option can be used in the event of nonpayment of a scheduled premium. If the Special Premium Option conditions are not met, then NELICO will determine whether the premium can be paid by means of an automatic premium loan.

11. The Policy provides for two alternate death benefit options. The Option 1 death benefit is equal to the greater of: (a) The face amount of the Policy; or (b) the Policy's cash value divided by the net single premium per $1 of death benefit at the insured's attained age. The alternative in (b), above, means that the death benefit will not be less than the amount of insurance which could be purchased on that date by a net single premium equal to the Policy's cash value, and is designed to ensure that the Policy will satisfy Federal tax law requirements.

12. The Option 2 death benefit is equal to the greater of: (a) The face amount of the Policy plus any excess of the Policy's cash value over its ''tabular cash value''; or (b) the Policy's cash value divided by the net single premium per $1 of the death benefit at the insured's attained age. The Policy does not provide for changes in death benefit options.

13. Under either death benefit option, the death benefit is guaranteed not to be less than the Policy's face amount, regardless of the investment experience of the Policy's subaccounts, as long as scheduled premiums have been paid in a timely manner or nonpayment has been permitted in accordance with the terms of the Policy. However, if Policy loans plus accrued interest exceed the Policy's cash value less the surrender charge, the Policy may terminate even if all scheduled premiums have been paid.

14. The Option 1 death benefit remains fixed in the amount initially stated in the Policy as long as scheduled premiums are paid (or need not be paid pursuant to the Special Premium Option), until the death benefit is increased for Federal tax law purposes, described below. The Option 2 death benefit varies daily with the net investment experience of the Variable Account, but will never be less than the amount initially stated in the Policy as long as scheduled premiums are paid (or need not be paid pursuant to the Special Premium Option). In order to qualify the Policy as life insurance for Federal tax law purposes, the death benefit will be an amount, if greater than the amount otherwise provided under Option 1 or Option 2, as appropriate, equal to the Policy's cash value divided by the net single premium per $1.00 of death benefit at the insured's attained age. Thus, the death benefit under either Option 1 or Option 2 varies with investment experience when the cash value is sufficiently large that the death benefit is increased in order for the Policy to qualify as life insurance for Federal tax law purposes.

15. NELICO permits (in states where it has been approved by the state insurance department) a Policy owner to effect a reduction in the Policy's face amount (without receiving a distribution of any of the Policy's cash value) but not, without NELICO's consent, below NELICO's minimum face amount requirements at issue. A reduction in face amount will reduce the Policy's cash value by the amount of any applicable Surrender Charge, will also reduce the scheduled premium level and ''tabular cash value,'' and may require a reduction in any related rider benefits. Generally, the Policy's death benefit will also be decreased. However, if the death benefit at the time of a face amount reduction is determined by dividing the cash value by the net single premium per dollar of death benefit, the death benefit will not be decreased unless a Surrender Charge was deducted from the cash value in connection with the face amount reduction.

16. NELICO deducts the following amounts from each scheduled premium paid under a Policy to arrive at a basic scheduled premium: (a) Charges for any supplementary benefits provided by rider; (b) any extra premiums paid for a Policy in a substandard risk or automatic issue class; and (c) an annual Policy administrative charge. NELICO does not deduct any of these charges from unscheduled payments.

17. NELICO also deducts sales load (5.5%), state premium tax (2.5%), and federal tax (1%) charges from each basic

[2] The ''tabular cash value'' is a hypothetical value that is used to determine the Option 2 death benefit, availability of the Special Premium Option, and the amount of cash value available to be withdrawn from the Policy. The ''tabular cash value'' is the value the Policy would have if: (a) All scheduled premiums were paid when due; (b) no unscheduled payments, partial surrenders, partial withdrawals or loans were made; (c) the cash value in the Policy's sub-accounts (and cash value in the fixed account) earned a 4.5% annual net rate of return; and (d) the maximum guaranteed cost of insurance rates and maximum levels of other Policy charges were deducted.

scheduled and unscheduled premium payment made during the life of the Policy.

18. NELICO deducts from a Policy's cash value, on the Policy date and on the first day of each Policy month, a monthly deduction, consisting of an administrative charge and a minimum death benefit guarantee charge, and a charge for the cost of providing insurance protection for the Policy month equal to the amount at risk multiplied by the cost of insurance rate for that month. NELICO also charges the sub-accounts of the Variable Account for mortality and expense risks, at an annual rate of 0.60% (guaranteed not to exceed 0.90%) of the value of each sub-account's assets attributable to the Policies; and charges for investment advisory and other Fund expenses are deducted from Fund assets and are indirectly borne by owners of Policies.

19. During the first eleven Policy years, NELICO deducts a charge from a Policy's cash value upon a full or partial surrender, upon a reduction in face amount, or upon lapse of the Policy (the ''Surrender Charge''). The Surrender Charge is calculated as a percentage of basic scheduled premiums, and will be applied to an amount equal to the total annualized basic scheduled premiums for the Policy payable through the Policy year in which total or partial surrender, lapse, or face amount reduction occurs, up to a maximum of four annualized basic scheduled premiums.

20. The Surrender Charge rate that applies in each Policy year is indicated below:

Policy year	Percentage	Applied to
1	55.00	One annualized basic scheduled premium.
2	55.00	Two annualized basic scheduled premiums.
3	36.67	Three annualized basic scheduled premiums.
4	27.50	Four annualized basic scheduled premiums.
5*	26.25	Four annualized basic scheduled premiums.
6*	25.00	Four annualized basic scheduled premiums.
7*	20.00	Four annualized basic scheduled premiums.
8*	15.00	Four annualized basic scheduled premiums.
9*	10.00	Four annualized basic scheduled premiums.
10*	5.00	Four annualized basic scheduled premiums.
11*	0.00	Four annualized basic scheduled premiums.

*End of policy year.

21. For the first four Policy years the Surrender Charge rate that applies in a particular year remains level throughout that year. Beginning in the fifth Policy year, the Surrender Charge rate declines on a monthly basis to the end of year rates shown in the table above.[3] The maximum dollar amount of the charge applies in Policy years two through four. The dollar amount of the Surrender Charge is also limited to an amount per $1,000 of a Policy's face amount. These limits are:

	Policy year										
	1	2	3	4	5	6	7	8	9	10	11
Maximum surrender charge per $1,000 of face amount	$47	$44	$42	$39	$37	$35	$33	$31	$29	$27	$25

22. In the case of a partial surrender or reduction in face amount, the Surrender Charge is deducted from the Policy's cash value in an amount proportional to the amount of the face amount surrender.

23. The Surrender Charge is deducted from the Policy's available cash value, regardless of whether the cash value comes from scheduled premiums, unscheduled payments or investment experience. If the applicable Surrender Charge amount equals or exceeds the available cash value, there will be no proceeds paid to the Policy owner upon surrender or lapse. The Surrender Charge covers the following expenses: developmental costs associated with the Policies (such as actuarial, legal, systems and other overhead costs), underwriting, and marketing and other distribution expenses.

Applicant's Legal Analysis

Definition of ''Variable Life Insurance Contract''

1. Rule 6c–3 grants exemptions from those provisions of the Act that are specified in paragraph (b) of Rule 6e–2 (except for Sections 7 and 8(a)) to certain separate accounts of life insurance companies that support variable life insurance policies. Specifically, the exemptions provided by Rule 6c–3 are available only to separate accounts registered under the Act whose assets are derived solely from the sale of ''variable life insurance contracts'' that meet the definition set forth in Rule 6e–2(c)(1), and from certain advances made by the insurer. The term ''variable life insurance contract'' is defined by Rule 6e–2(c)(1) to include only life insurance policies that provide a death benefit and a cash surrender value, both of which vary to reflect the investment experience of the separate account, and that guarantee that the death benefit will not be less than an initial dollar amount stated in the policy. Applicants request relief from the definition of ''variable life insurance contracts'' set forth in Rule 6e–2(c)(1) because Applicants must rely on certain exemptive provisions in Rule 6e–2(b), as described below, in connection with the issuance and sale of the Policies.

2. Applicants must avail themselves of certain relief provided by Rule 6e–2(b), as set forth below, in order to issue, sell, and maintain the Policies.[4] Applicants request relief to the extent necessary to permit reliance on the exemptions provided in each of the provisions of Rule 6e–2 that are set forth below, in connection with the issuance and sale of the Policies.

(a) Paragraph (b)(1)—Sales load is no longer subject to the specific quantitative limits set forth in the Act, and rules thereunder. It is nonetheless possible that the amount of ''sales load'' imposed under the Policies would need

[3] In all cases, the annualized premium amount to which the Surrender Charge applies is calculated based on the premium payment frequency in effect at the time. Therefore, if basic scheduled premiums are being paid in quarterly installments rather than annually at the time of a full or partial surrender, a reduction in face amount or lapse of a Policy, the dollar amount of the Surrender Charge may be higher because the dollar amount of an annual basic scheduled premium is somewhat higher if it is paid in installments rather than once a year.

[4] Certain of the relief requested may not currently be necessary in light of the structure of the Variable Account as a ''unit investment trust,'' but would become necessary if the Variable Account were to be restructured as an open-end management company in the future. The Policies permit such a restructuring.

to be determined (for example, in connection with analyzing an exchange offer involving the Policies; or analyzing variations in sales load pursuant to Section 22(d) of the Act). Accordingly, Applicants seek relief permitting them to rely on paragraph (b)(1) of Rule 6e–2.

(b) Paragraph (b)(3)—Relief is requested to permit the Variable Account to rely on paragraph (b)(3)(ii) of Rule 6e–2 in order to effect compliance with Section 8(b) of the Act (regarding the filing of a registration statement with the Commission).

(c) Paragraph (b)(4)—Relief is requested to permit Applicants to apply the eligibility restrictions of Section 9 of the Act in the fashion contemplated by paragraph (b)(4).

(d) Paragraph (b)(5)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 13(a) of the Act relating to the imposition by an insurance regulatory authority of certain requirements on the investment policies of the Variable Account; and disapproval by NELICO of changes in the investment policy of the Variable Account initiated by contract owners, under circumstances contemplated by and in accordance with the requirements of paragraph (b)(5).

(e) Paragraph (b)(6)—Relief is requested to permit Applicants to rely on the relief provided by paragraph (b)(15) of Rule 6e–2 (see below), which in turn refers to the conditions of paragraph (b)(6).

(f) Paragraph (b)(7)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 15 (a), (b), and (c) relating to an insurance regulatory authority disapproving advisory or underwriting contracts; disapproval by NELICO of changes in the principal underwriter for the Variable Account initiated by contract holders; and disapproval by NELICO of changes in the investment adviser to the Variable Account initiated by contract owners, under circumstances contemplated by and in accordance with the requirements of paragraph (b)(7).

(g) Paragraph (b)(8)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 16(a) relating to an insurance regulatory authority disapproving or removing a member of the board of directors of a separate account, under circumstances contemplated by and in accordance with the replacements of paragraph (b)(8).

(h) Paragraph (b)(9)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 17(f) in order to maintain separate account assets in the custody of NELICO or an affiliate thereof, in accordance with the requirements of paragraph (b)(9).

(i) Paragraph (b)(10)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 18(i) in order to provide for variable contract owner voting as contemplated by and in accordance with the requirements of paragraph (b)(10).

(j) Paragraph (b)(12)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 22(d), 22(e) and Rule 22c–1 in connection with the issuance, transfer and redemption procedures for the Policies, including premium processing, premium rate structure, underwriting standards, and the benefit provided by the Policies, as contemplated by and in accordance with the requirements of paragraph (b)(12).

(k) Paragraph (b)(14)—Relief is requested to permit Applicants to rely on the relief provided by paragraph (b)(15) of Rule 6e–2 (see below), which in turn refers to the conditions of paragraph (b)(14).

(l) Paragraph (b)(15)—Relief is requested to permit Applicants to rely on the exemptions provided from Section 9(a), and to facilitate the voting by NELICO of shares of management investment companies held by the Variable Account in disregard of contract owner instructions under the circumstances contemplated by, and in accordance with the requirements of, paragraph (b)(15). Relief is also requested to permit Applicants to rely on the exemptions provided from Section 14(a), 15(a), 16(a), and 32(a)(2) in connection with any registered management investment company established by NELICO in the future in connection with the Policies, in accordance with the requirements of paragraph (b)(15), and paragraphs (b)(5), (b)(7), (b)(8), and (b)(14) of Rule 6e–2.

3. Applicants believe the Option 2 death benefit under the Policies falls within the requirement that it ''vary to reflect the investment experience of the separate account.'' Although the Option 2 death benefit varies only when the Policy's cash value exceeds its ''tabular cash value,'' it is analogous to more conventional scheduled premium variable life insurance policies, which provide for death benefits that increase when investment experience exceeds an assumed investment rate. A policy under the Option 1 death benefit, however, will fail to satisfy this requirement if the death benefit has not been otherwise increased to satisfy Federal tax law requirements.

4. The Policies also contain other provisions, relating primarily to the flexibility of premium payments, that are not specifically addressed in Rule 6e–2. Applicants therefore request relief to the extent necessary to permit reliance on the definition of ''variable life insurance contract'' in Rule 6e–2(c)(1), and on the exemptions provided in each of the provisions of paragraph (b) of Rule 6e–2 that are set forth above, under the same terms and conditions applicable to a separate account that satisfies the conditions set forth in Rule 6e–2.

5. Applicants submit that the considerations that led the commission to adopt Rules 6c–3 and 6e–2 apply equally to the Variable Account and NELICO's Policy, and that the exemptions provided by these rules should be granted to the Variable Account and to the other Applicants on the terms specified in those rules, except to the extent that further exemption from those terms is specifically requested herein.

Redeemability

6. Section 27(i)(2)(A) of the Act provides that no registered separate account funding variable insurance contracts or its sponsoring insurance company shall sell such a contract unless it is a ''redeemable security.'' Section 2(a)(32) defines a ''redeemable security'' as one entitling its holder to receive ''approximately his proportionate share'' of the issuer's current net asset value upon presentation to the issuer. Applicants request relief from the requirement in Section 27 that the Policy be a ''redeemable security,'' and from the definition of ''redeemable security'' set forth in Section 2(a)(32), in connection with the issuance and sale of the Policies.

7. Rule 22c–1 requires that a Policy be redeemed at a price based on the current net asset value of the Policy next computed after receipt of the request for surrender. If the conditions of Rule 6e–2(b)(12) are satisfied, paragraph (b)(12) provides certain exemptions from Rule 22c–1. A contingent deferred charge such as the Surrender Charge may, however, not be contemplated by Rule 6e–2(b)(12), and thus may be deemed inconsistent with Rule 6e–2(b)(12), to the extent that the charge can be viewed as causing a Policy to be redeemed at a price based on less than the current net asset value that is next computed after full or partial surrender of the Policy. Accordingly, Applicants request relief from Rule 22c–1 and Rule 6e–2(b)(12),

to the extent necessary to permit the deduction of the Surrender Charge on surrender, partial surrender, face amount reduction or lapse of a Policy.

8. Although Section 2(a)(32) does not specifically contemplate the imposition of a charge at the time of redemption, Applicants assert that such charges are not necessarily inconsistent with the definition of ‘‘redeemable security.’’

9. Applicants submit that although the deferred imposition of the Surrender Charge (upon surrender or lapse) may not fall within the historical pattern of all the provisions described in this Application, that does not change the charge's essential nature. Moreover, the proposed amendments to Rule 6e–2 would permit a sales charge to be imposed on a contingent deferred basis. Contingent deferred charges are also authorized by Rule 6e–3(T) for policies able to rely on that rule. Therefore, Applicants submit that the Surrender Charge is consistent with the principles and policies underlying the limitations in Section 2(a)(32), 22(c) and 27(i)(2)(A) of the Act and Rules 6e–2(b)(12) and 22c–1 thereunder.

Class Exemption for Future Underwriters

10. Applicants seek to have the relief they request extend to underwriters that may, in the future, act as principal underwriters of the Policies (‘‘Future Underwriters’’). Future Underwriters will be members of the NASD.

11. Applicants represent that the terms of the relief requested with respect to any Future Underwriters are consistent with the standards set forth in Section 6(c) of the Act. Further, Applicants state that, without the requested class relief, exemptive relief for any Future Underwriter would have to be requested and obtained separately. Applicants assert that such additional requests for exemptive relief would present no issues under the Act not already addressed herein. Applicants submit that their request for class exemptions is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act, and that an order of the Commission including such class relief, should, therefore, be granted.

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 purposes fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–27655 Filed 10–17–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22854: File No. 812–10288]

The Prudential Insurance Company of America, et al.

October 10, 1997.

AGENCY: The Securities and Exchange Commission (the ‘‘Commission’’).

ACTION: Notice of application for an order under section 11(a) of the Investment Company Act of 1940 (the ‘‘1940 Act’’) permitting certain exchange offers between certain unit investment trusts and certain open-end management investment companies.

SUMMARY OF APPLICATION: Applicants seek an order amending a previous order [1] (the ‘‘Prior Order’’), which approved the terms of certain offers of exchange from interests in certain unit investment trusts to certain open-end management investment companies. Applicants seek an amended order: (1) To extend relief to open-end management investment companies that have succeeded to the assets of those open-end management investment companies granted relief in the Prior Order; (2) to permit exchanges both ways between the unit investment trusts and the successor management investment companies; and (3) to permit exchanges between the unit investment trusts and certain other similar current and future funds.

APPLICANTS: The Prudential Insurance Company of America (‘‘Prudential’’), Prudential Dryden Fund (‘‘Dryden Fund,’’ formerly The Prudential Institutional Fund (‘‘PIF’’)), The Prudential Variable Contract Account–10 (‘‘VCA–10’’), The Prudential Variable Contract Account–11 (‘‘VCA–11’’), The Prudential Variable Contract Account–24 (‘‘VCA–24,’’ collectively with VCA–10 and VCA–11, the ‘‘Medley separate accounts’’), Prudential Investment Management Services LLC (‘‘PIMS’’), Prudential Jennison Series Fund, Inc. (‘‘Jennison Fund’’), Prudential Allocation Fund (‘‘Allocation Fund’’), Prudential World Fund, Inc. (‘‘World Fund’’), Prudential Government Income Fund, Inc. (‘‘Government Income Fund’’), Prudential MoneyMart Assets, Inc. (‘‘MoneyMart Fund’’), and Prudential Securities Incorporated (‘‘PSI’’).

FILING DATES: The application was filed on June 20, 1996 and was amended and restated on July 8, 1997 and September 17, 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 by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 4, 1997, and should be accompanied by proof of service on Applicants in the from of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, SEC. 450 Fifth Street, N.W. Washington, D.C. 20549. Applicants, c/o Christopher E. Palmer, Shea & Gardner, 1800 Massachusetts Ave., N.W., Washington, D.C. 20036.

FOR FURTHER INFORMATION CONTACT: Ethan D. Corey, Attorney, or Kevin M. Kirchoff, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942–0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application is available for a fee from the Commission's Public Reference Branch, 450 5th Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicants' Representations

1. Prudential is a mutual life insurance company organized under New Jersey Law.

2. The Dryden Fund, formerly PIF, is an open-end, no-load, registered management investment company. Prior to the reorganization described below, PIF was a series mutual fund with the following seven series, each of which is referred to as a ‘‘PIF Fund'': PIF Growth Stock Fund, PIF Balanced Fund, PIF International Stock Fund, PIF Income Fund, PIF Money Market Fund, PIF Active Balanced Fund, and PIF Stock Index Fund. PIF was generally available only as an investment vehicle to certain retirement programs and other institutional investors.

3. The Jennison Fund, the World Fund, the Government Income Fund,

[1] *Prudential Insurance Company of America,* File No. 812–8536, Rel. No. IC–19826 (Nov. 8, 1993) (Notice), Rel. No. IC–19918 (Dec. 2, 1993) (Order).