

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96-23837 Filed 9-17-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22218/File No. 812-10082]

Metropolitan Life Insurance Company, et al.

September 12, 1996.

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

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

APPLICANTS: Metropolitan Life Insurance Company ("Metropolitan Life") and Metropolitan Life Separate Account UL ("Account UL").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the Act for exemptions from Section 27(a)(3) of the Act and Rule 6e-3(T)(b)(13)(ii) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to the extent necessary to permit the front-end sales charge imposed under certain flexible premium variable life insurance policies ("Policies") to be eliminated for payments in excess of one annual target premium in any Policy year.

FILING DATE: The application was filed on April 9, 1996.

HEARING OF 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 October 7, 1996, and should be accompanied by proof of service on Applicants in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request and the issues contested. Persons 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 Christopher P. Nicholss, Esq., Metropolitan Life Insurance Company Law Department, One Madison Avenue, New York, NY 10010.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel,

or Patrice M. Pitts, Special Counsel, 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 Commission's Public Reference Branch.

Applicants' Representations

1. Metropolitan Life, incorporated under the laws of the State of New York in 1866, has been engaged in the life insurance business under its current name since 1868. Metropolitan Life is registered as a broker-dealer under the Securities Exchange Act of 1934 and is the principal underwriter for Account UL.

2. Account UL, established by Metropolitan Life pursuant to New York Insurance Law on December 13, 1988, is registered as a unit investment trust under the Act. There are currently seven investment divisions in Account UL. The assets of each investment division are invested in a separate class (or series) of stock issued by Metropolitan Series Fund, Inc. ("Fund"). Assets are allocated to Account UL from time to time in connection with flexible premium variable life insurance policies issued by Metropolitan Life in reliance on Rule 6e-3(T) under the Act, including the Policies.

3. The Policies provide for premium flexibility, together with a death benefit and a cash surrender value that may increase or decrease daily depending, in part, on the investment performance of the Fund.

4. The insurance proceeds, payable when the insured under the Policy dies, will equal the death benefit of the particular Policy, plus any additional rider benefits, minus any indebtedness under the Policy, and minus any due and unpaid charges accruing during a grace period. One of several death benefit options may be elected by the Policy owner.

5. The initial cash value of a Policy is the amount of premium allocated to Account UL and the Fixed Account, after deduction of the initial charges. The cash value increases or decreases daily depending on the investment experience of the investment division to which amounts are allocated, as well as interest declared for the Fixed Account.

6. The owner may surrender a Policy at any time while the insured is living. The cash surrender value is the cash value of a Policy less any indebtedness. The owner may also make partial withdrawals from a Policy, subject to certain restrictions.

7. A charge, currently equal to 2.25% of each premium payment, will be

deducted from each premium payment, representing an average rate expected to be paid on premiums received in all states over the lifetimes of the insureds covered by the Policies. This charge may be increased for Policies not yet issued, in order to correspond with changes in state premium tax levels.

8. A charge, currently equal to 1.20% of each premium payment will be deducted from each premium payment to cover the estimated cost of the federal income tax treatment of the Policies' deferred acquisition costs—commonly referred to as the "DAC tax." This charge may be increased, subject to certain conditions, for Policies not yet issued, in order to correspond with changes in the federal income tax treatment of the Policies' deferred acquisition costs.

9. A sales charge is deducted from each premium payment received by Metropolitan Life. The sales charge may be up to 9% of premiums paid in each of the first ten Policy years and up to 3% of premiums paid in each Policy year thereafter, until the total of such payments in each such Policy year equals one annual target premium. Under the Policies, the sales charge will be 0% for payments made in excess of one annual target premium in any Policy year. Currently, the annual target premium for the Policies is the estimated annual amount that satisfies the "7 pay" test for determining modified endowment status under the Internal Revenue Code. However, Manufacturers Life reserves the right to modify the definition of target premium for Policies issued in the future.

10. An administrative charge of up to 1.05% of premiums paid is deducted from all premium payments to compensate Metropolitan Life for expenses incurred in administering, issuing and underwriting the Policies. The administrative charge is reduced by 1% on the portion of any premium paid in a Policy year that exceeds the target premium.

11. At the present time, a charge of \$25, subject to certain exceptions, will be assessed against the cash value of a Policy when amounts are transferred among the investment divisions of Account UL, and between the investment divisions and the Fixed Account, more than six times in any Policy year. Metropolitan Life reserves the right in the future to assess a charge against all transfers.

12. A cost of insurance charge will be deducted monthly from cash value based upon Metropolitan Life's amount at risk under the Policy, the attained age and risk classification of the insured, the sex of the insured (with certain

exceptions), and the then-current monthly insurance rates (guaranteed for the standard underwriting risk class never to exceed the maximum rates set forth in the Policy based on certain of the 1980 Commissioners' Standard Ordinary Mortality Tables). An additional charge for extra mortality risks will be deducted monthly from cash value if the insured does not qualify for the standard underwriting class. The amount of the charge depends upon the age of the insured and the degree of additional mortality risk.

13. A monthly charge will be made for mortality and expense risks at an effective annual rate not to exceed .90% (currently up to .60%) of the investment divisions' assets attributable to the Policies.

14. Any increase in coverage elected by the Policy owner may be subject to a one-time underwriting charge against cash value at a rate of up to \$3.00 for each \$1,000 of increased coverage.

15. Additional charges are deducted if the owner elects to purchase certain optional insurance benefits. These additional charges will be deducted monthly from cash value.

16. Other than the tax charges described above, no additional charges are currently made for the tax liabilities of Metropolitan Life. Metropolitan Life reserves the right, subject to any necessary regulatory approval, to assess additional tax charges should it incur increased taxes attributable to the Policies or Account UL in future years.

17. Except to the extent that exemptive relief has been obtained from the Commission pursuant to this or any other applicable exemptive application, all charges under the Policies will comply with all of the applicable limitations, terms, conditions and requirements of the Act and rules thereunder.

Applicants' Legal Analysis

1. Section 27(a)(3) of the Act provides that the amount of sales charge deducted from any of the first twelve monthly payments on a periodic payment plan certificate may not exceed proportionately the amount deducted from any other such payment, and that the amount deducted from any subsequent payment may not exceed proportionately the amount deducted from any other subsequent payment. Rule 6e-3(T)(b)(13)(ii), in pertinent part, provides an exemption from Section 27(a)(3), provided that the proportionate amount of sales charge deducted from any payment does not exceed the proportionate amount deducted from any prior payment. This is commonly

referred to as the "stair-step" requirement.

2. Applicants state that Metropolitan Life will not, with regard to the Policies, impose the 9% (or, as the case may be, 3%) front-end sales charge upon the amount of any premium payments received in any Policy year that is in excess of one annual target premium ("Excess Premiums"). Accordingly, the front-end sales charge may apply to some premium payments but not to others. Applicants submit that Section 27(a)(3) and Rule 6e-3(T)(b)(13)(ii) appear to prohibit this structure and request an order exempting them from these provisions to the extent necessary to permit the sales charge deducted from premiums up to one target premium paid during any year to exceed the sales charge (none) payable on any Excess Premium payments made in any prior year.

3. Applicants assert that the Policies would comply with all of the sales charge limitations and requirements of Rule 6e-3(T) (including those contained in Rule 6e-3(T)(b)(13)(ii)), if the front-end sales charge were deducted from all premium payments. However, Applicants submit that such a front-end charge structure would be less favorable to Policy owners than that provided under the Policies.

4. According to the Applicants, the sales charge deducted from the first target premium paid under a Policy in any Policy year, as compared with the absence of such a charge deducted from Excess Premiums, in part reflects the fact that lower overall distribution costs (e.g., commissions paid to sales persons) are incurred in connection with Excess Premiums over the life of the Policies. To deduct a sales charge from Excess Premiums would generate more revenue than Metropolitan Life believes is necessary to adequately defray such expenses. Thus, the structure of the front-end sales load under the Policies provides a significant benefit to owners by passing through to them lower distribution costs with respect to Excess Premiums. Applicants submit that it would not be in the interest of owners to require the deduction from Excess Premiums of a sales charge that is higher than Applicants deem necessary.

5. Applicants state that a purpose of Section 27(a)(3), in conjunction with the other sales charge limitations in the Act, was to address the perceived abuse of periodic payment plan certificates that deducted large amounts of front-end sales charges so early in the life of the plan that an investor redeeming in the early periods would recoup little of his or her investment. Applicants assert that the sales load structure of the Policies

would not have this effect. On the contrary, not deducting any sales charge from Excess Premiums paid in any Policy year, according to Applicants, results in a greater proportion of the Policies' sales charges being deducted later than otherwise would be the case.

6. Applicants submit that a purpose behind Section 27(h)(3) of the Act, a provision similar to Section 27(a)(3), is to discourage unduly complicated sales charges; this also may be deemed to be a purpose of Section 27(a)(3) and Rule 6e-3(T)(b)(13)(ii). Applicants submit that the sales charge structure under the Policies is relatively straightforward and easily understood, as compared with that of many other variable life insurance policies that are currently being offered. Moreover, Applicants represent that owners of Policies will benefit from the sales charge structure of the Policies.

7. Applicants state that Rule 6e-3(T)(b)(13)(ii) specifically permits an insurance company to reduce or eliminate its sales charges with respect to amounts contributed to a variable life insurance policy in connection with an exchange from another plan of insurance and, thereafter, to impose the full sales charge with respect to subsequent premium payments under the same policy. Applicants explain that such sales charge variations normally reflect decreased sales expenses in connection with exchange amounts. Accordingly, Applicants contend that they should be permitted to reflect their reduced sales expenses by forgoing the sales charge that otherwise would be deducted from any Excess Premiums, notwithstanding that Metropolitan Life may deduct a sales charge from subsequent target premium payments.

8. Applicant assert that the fact that the full 9% (or, as the case may be, 3%) front-end sales charge may apply at some times but not other times under the same Policy results solely from the action of Policy owners in exercising the flexibility features under a Policy: e.g., flexibility in the timing and amount of premium payments. Applicants submit that the flexibility features are desirable from the standpoint of Policy owners.

Conclusion

For the reasons and upon the facts stated above, Applicants submit 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 Act.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-23900 Filed 9-17-96; 8:45 am]

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Sunshine Act; Agency Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of September 16, 1996.

A closed meeting will be held on Thursday, September 19, 1996, at 4:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a) (4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the closed meeting scheduled for Thursday, September 19, 1996, at 4:00 p.m., will be:

Institution and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

Formal order of investigation.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: September 13, 1996.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-23974 Filed 9-16-96; 9:03 am]

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[Release Nos. 33-7329; 34-37672,
International Series Release No. 1018, File
No. S7-19-96]

RIN 3235-AG83

Securities Act Concepts and Their Effects on Capital Formation

AGENCY: Securities and Exchange Commission.

ACTION: Extension of comment period.

SUMMARY: The expiration date of the comment period with respect to the Commission's concept release on Securities Act reform, Release No. 33-7314 (61 FR 40044), is extended from September 30, 1996 to October 31, 1996.

DATES: Comments should be received on or before October 31, 1996.

ADDRESSES: Comments should be submitted in triplicate to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Stop 6-9, Washington, D.C., 20549. Comments also may be submitted electronically to the following electronic mail address: rule-comment@sec.gov. All comment letters should refer to File No. S7-19-96; this file number should be included in the subject line if electronic mail is used. Comment letters will be available for public inspection and copying at the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. Electronically submitted comment letters will be posted on the Commission's Internet Web site (<http://www.sec.gov>).

FOR FURTHER INFORMATION CONTACT: Anita Klein, Office of Chief Counsel, Division of Corporation Finance, (202) 942-2900.

SUPPLEMENTARY INFORMATION: On July 25, 1996, the Commission issued a concept release (Release No. 33-7314 [61 FR 40044]) to solicit public comment on the best means of improving the regulation of the capital formation process while maintaining or enhancing investor protection. The Commission is engaged in a broad reexamination of the regulatory framework for the offer and sale of securities under the Securities Act of 1933. Comment was solicited on a number of possible approaches to improving the registration process. Among them are: the recommendation of the Advisory Committee on the Capital Formation and Regulatory Processes to implement a "company registration" approach; modifications to the existing shelf registration system (many of which were recommended by the Commission's Task Force on Disclosure Simplification); reforms that

would liberalize the treatment of unregistered securities; and an approach that would involve deregulation of offers. The comment period with respect to the concept release was scheduled to end on September 30, 1996. In order to provide additional time for commenters to consider the issues discussed in the concept release, the Commission has extended the comment period on the concept release until October 31, 1996.

Dated: September 12, 1996.

By the Commission.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-23901 Filed 9-17-96; 8:45 am]

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[File No. 500-1]

JDMC Global Corp.; Order of Suspension of Trading

It appears to the Securities and Exchange Commission ("Commission") that there is a lack of current and accurate information concerning the securities of JDMC Global Corp. ("JDMC Global") because of questions regarding the accuracy of representations and assertions by JDMC Global, and by others, in documents sent to and statements made to market makers of the stock of JDMC Global, other broker-dealers, and to investors concerning, among other things: (1) The value of certain JDMC Global assets listed on its audited financial statements; and (2) a contract to construct homes in South Africa.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above listed company is suspended for the period from 9:30 a.m. EDT, September 16, 1996 through 11:59 p.m. EDT, on September 27, 1996.

By the Commission.

Dated: September 16, 1996.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-24057 Filed 9-16-96; 1:09 pm]

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