

repeatedly with respect to the issues addressed in this Application, investors would not receive any benefit or additional protection thereby. Indeed, they might be disadvantaged as a result of increased overhead expenses incurred by Zurich Life and its appropriate affiliates. Applicants further submit that, for the same reasons, the requested relief is consistent with the purposes of the 1940 Act and the protection of investors.

6. Applicants represent that the mortality and expense risk charge of 1.20% is and will be within the range of industry practice for comparable annuity products. Applicants state that this determination is, and for Future Contracts will be, based on their analysis of publicly available information about similar industry practices, taking into consideration such factors as current charge levels and benefits provided, the existence of expense charge guarantees, and guaranteed annuity rates. Zurich Life, KILICO and FKLA undertake to maintain at their home offices, and make available to the Commission upon request, memoranda setting forth in appropriate detail the products analyzed, the methodology, and the results of the analysis relied upon, in making the foregoing determination.

7. The CDSC may be insufficient to cover all costs relating to the distribution of the Account Contracts. In that event, if a profit is realized from the mortality and expense risk charge, all or a portion of such profit may be offset by distribution expenses not reimbursed by the CDSC. Notwithstanding the foregoing, Applicants have concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the Separate Accounts and Contract owners. Zurich Life, KILICO and FKLA undertake to maintain at their principal offices, and make available upon request to the Commission and its staff, memoranda setting forth the basis for such conclusion.

8. Zurich Life, KILICO and FKLA also represent that the Separate Accounts will invest only in an underlying fund that undertakes, in the event it should adopt any plan pursuant to Rule 12b-1 of the 1940 Act to finance distribution expenses, to have such plan formulated and approved by a board of directors, a majority of the members of which are not "interested persons" of such fund within the meaning of Section 2(a)(19) of the 1940 Act.

Conclusion

Applicants submit, for the reasons stated herein, that the requested

exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act—to permit the deduction of a mortality and expense risk charge from Separate Account assets funding the Contracts—meet the standards set out in Section 6(c) of the 1940 Act. Accordingly, Applicants assert that the requested exemptions are 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.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-5552 Filed 3-7-96; 8:45 am]

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[Release No. 34-36916; File No. SR-PSE-96-06]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Pacific Stock Exchange Incorporated Relating to Distributing Interim Reports to Both Registered and Beneficial Shareholders

March 4, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. § 78s(b)(1), notice is hereby given that on February 22, 1996, the Pacific Stock Exchange Incorporated ("PSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. On March 1, 1996, the Exchange submitted Amendment No. 1 to the proposed rule change.¹ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹ See letter from Michael D. Pierson, PSE, to Jennifer Choi, Division of Market Regulations, SEC, dated February 29, 1996. In Amendment No. 1, the Exchange replaces the term "shall" with "should" in the text of Commentary .03 to PSE Rule 3.3(t). This amendment makes the PSE's proposal consistent with those of the New York Stock Exchange and the American Stock Exchange. See Securities Exchange Act Release No. 35373 (Feb. 14, 1995), 60 FR 9709 (Feb. 21, 1995); Securities Exchange Act Release No. 36541 (Nov. 30, 1995), 60 FR 62921 (Dec. 7, 1995). In Amendment No. 1, the Exchange also makes a couple of grammatical changes to Commentary .01 and Commentary .02 to PSE Rule 3.3(t).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to amend its rules to state that corporations that distribute interim reports to shareholders should distribute such reports to both registered and beneficial shareholders. The text of the proposed rule change is available at the Exchange and the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange's Corporate Governance and Disclosure Policies currently provide for the disclosure to shareholders of quarterly reports and interim reports.² The Exchange is proposing to adopt new Commentary .03 to Rule 3.3(t) to provide that any listed company that distributes interim financial reports should distribute such reports to both registered and beneficial shareholders. The commentary would further state that the financial reports that are subject to this rule are those that are voluntarily distributed by the company as part of its shareholder relations activities, and not the quarterly financial reports required to be filed with the Commission pursuant to Section 13(a) and Section 15(d) of the Act. Although the distribution of interim reports will continue to be voluntary, if a corporation chooses to distribute interim reports to shareholders, it should distribute them to both registered and beneficial shareholders.

The purpose of the proposed rule change is to ensure equal treatment of record and beneficial shareholders in the distribution of interim financial reports. The proposal is consistent with a similar rule of the New York Stock

² See PSE Rule 3.3(t), Commentaries .01 and .02.

Exchange, which based its rule change on the findings of various industry groups including the American Society of Corporate Secretaries and the Securities Industry Association.³

2. Statutory Basis

The basis under the Act for the proposed rule change is the requirement under Section 6(b)(5) that an Exchange have rules that are designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change will impose no burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-PSE-96-06 and should be submitted by March 29, 1996.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission finds that the proposed rule change is consistent with

the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with the requirements of section 6(b).⁴ The Commission believes the proposal is consistent with the section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and national market system, and in general, to protect investors and the public.

Although the Commission does not require public companies to distribute interim reports to shareholders, the Commission believes that it is appropriate for the Exchange to encourage its listed companies to provide equal treatment of record and beneficial shareholders in the distribution of reports.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing thereof in the Federal Register. The Commission believes that accelerated approval is appropriate given the prior approval of similar proposals by the NYSE and the Amex⁵ and because the accelerated approval will allow the Exchange to encourage equal distribution of interim reports to record and beneficial shareholders as soon as practicable.

Based on the above, the Commission finds that there is good cause, consistent with section 6(b)(5) of the Act, to accelerate approval of the amended proposed rule change.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,⁶ that the proposed rule change (SR-PSE-96-06) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-5551 Filed 3-7-96; 8:45 am]

BILLING CODE 8010-01-M

⁴ 15 U.S.C. § 78(b).

⁵ See *supra* note 1.

⁶ 15 U.S.C. § 78s(b)(2).

⁷ 17 CFR 299.30-3(a)(12).

DEPARTMENT OF TRANSPORTATION

Aviation Proceedings; Agreements Filed During the Week Ending March 1, 1996

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C 412 and 414. Answers may be filed within 21 days of date of filing.

Docket Number: OST-96-1113.

Date filed: February 28, 1996.

Parties: Members of the International Air Transport Association.

Subject:

COMP Telex Reso 033f
Local Currency Cargo Rate Changes—Hungary
Intended effective date: upon government approvals

Docket Number: OST-96-1114.

Date filed: February 28, 1996.

Parties: Members of the International Air Transport Association.

Subject:

PAC/Reso/391 dated January 29, 1996
Agency Mail Vote A092
Reso 814—Egypt
Intended effective date: May 1, 1996

Paulette V. Twine,

Chief, Documentary Services Division.

[FR Doc. 96-5502 Filed 3-7-96; 8:45 am]

BILLING CODE 4910-62-P

Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart Q During the Week Ending March 1, 1996

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart Q of the Department of Transportation's Procedural Regulations (See 14 CFR 302.1701 et. seq.). The due date for Answers, Conforming Applications, or Motions to modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

Docket Number: OST-96-1121.

Date filed: February 29, 1996.

Due Date for Answers, Conforming Applications, or Motion to Modify Scope: March 28, 1996.

Description: Application of Trans World Airlines, Inc., pursuant to 49 U.S.C. Section 41101, and Subpart Q of the Regulations, applies for a certificate

³ See Securities Exchange Act Release No. 35373 (Feb. 14, 1995), 60 FR 9709 (Feb. 21, 1995).