Custodians for the following reasons: (i) the availability of superior or specialized services through other Custodians; (ii) dissatisfaction with the quality of a Custodian's services; (iii) fee increases or the availability of comparable services from other Custodians at more competitive rates; (iv) changes in a Custodian's management, location, financial condition, or methods of operation; (v) regulatory developments or actions affecting the ability or qualification of a Custodian to serve as such; or (vi) a determination by a Custodian to cease offering its services.

4. Applicant will only enter into an Agreement approved by its board of directors (''Board''), including a majority of directors who are not interested persons within the meaning of Section 2(a)(19) of the Act (''Disinterested Directors''). In addition, the continuance of any Agreement would be subject to annual review by the Board, including a majority of the Disinterested Directors, to determine whether the quality of services provided by the Custodian remains satisfactory and the fees are reasonably competitive. Applicant submits, for all the reasons stated above, that its request is consistent with the protection of investors.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98–15706 Filed 6–11–98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–23244; File No. 812–10866]

Allmerica Investment Trust, et al.; Notice of Application

June 5, 1998.

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

ACTION: Notice of application for an order pursuant to Section 6(c) of the Investment Company Act of 1940 (the ''1940 Act'').

SUMMARY OF APPLICATION: Applicants seek an order pursuant to Section 6(c) of the 1940 Act for exemptions from the provisions of Sections 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, to the extent necessary to permit shares of any current or future series of the Trust and shares of any other investment company that is offered as a funding medium for insurance products and for which the Adviser, or any of its affiliates, or their successors or assigns, may now or in the future serve as manager, investment adviser, administrator, principal underwriter or sponsor (the Trust and such other investment companies referred to collectively as the ''Insurance Products Funds'') to be sold and held by variable annuity and variable life insurance separate accounts (''Separate Accounts'') of both affiliated and unaffiliated life insurance companies (''Participating Insurance Companies'') and qualified pension and retirement plans outside of the separate account context (''Qualified Plans'' or ''Plans'').

APPLICANTS: Allmerica Investment Trust (the ''Trust'') and Allmerica Investment Management Company, Inc. (the ''Adviser'').

FILING DATE: The application was originally filed on November 13, 1997, and an amended and restated application was filed on March 9, 1998.

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 SEC and serving Applicants with a copy of the request, in person or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 30, 1998, 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 who wish to be notified of a hearing may request notification of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549. Applicants, c/o George M. Boyd, Esq., 440 Lincoln Street, Worcester, MA 01653.

FOR FURTHER INFORMATION CONTACT: Michael B. Koffler, Attorney, or Mark Amorosi, 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 Public Reference Branch of the SEC, 450 Fifth St., NW, Washington, DC 20549 (tel. (202) 942–8090).

Applicants' Representations

1. The Trust, a Massachusetts business trust established on October 11, 1984, is registered with the Commission as an open-end diversified management investment company. The Trust currently consists of fourteen separate series, or portfolios.

2. The Adviser is registered with the Commission as an investment adviser under the Investment Adviser Act of 1940 and serves as the investment manager for each of the Trust's portfolios. The Adviser is an indirect wholly-owned subsidiary of Allmerica Financial Corporation, a publicly traded Delaware holding company for a group of affiliated companies, the largest of which is First Allmerica Financial Life Insurance Company.

3. Currently, shares of the Trust may be purchased only by the separate accounts established by First Allmerica Financial Life Insurance Company (''First Allmerica'') or Allmerica Financial Life Insurance and Annuity Company, an indirect wholly-owned subsidiary of First Allmerica, for the purpose of funding variable annuity and variable life insurance policies.

4. The Insurance Products Funds will offer shares to Separate Accounts of Participating Insurance Companies in support of variable annuity contracts and variable life insurance policies (including single premium, scheduled premium, modified single premium and flexible premium contracts) (collectively, ''Variable Contracts''). Persons who hold Variable Contracts are referred to herein as ''Contract Owners.''

5. The Insurance Products Funds also will offer shares directly to Qualified Plans outside of the separate account context. Fund shares sold to Plans which are subject to the Employee Retirement Income Security Act of 1974, as amended (''ERISA''), would be held by the truste(s) of the Plan, as mandated by Section 403(a) ERISA. ''Plan Participants'' or ''Participants'' include participants in qualified pension or retirement plans.

Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act provides in part that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of the 1940 Act or of any rule or regulation 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.

2. Applicants request that the Commission issue an order pursuant to Section 6(c) of the 1940 Act exempting the Applicants and the Participating Insurance Companies and their Separate Accounts (and, to the extent necessary, any investment adviser, principle underwriter or depositor for such accounts) from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) thereof, and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Insurance Products Funds to be offered and sold to, and held by (1) variable annuity and variable life insurance separate accounts of the same life insurance company or of any affiliated life insurance company (''mixed funding''); (2) separate accounts of unaffiliated life insurance companies (including both variable annuity and variable life separate accounts) (''shared funding''); and (3) qualified pension and retirement plans outside the separate account context.

3. In connection with the funding of scheduled premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a unit investment trust, Rule 6e–2(b)(15) provides partial exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act. These exemptions are available 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 any affiliated life insurance company. Therefore, the relief granted by Rule 6e–2(b)(15) is not available with respect to a scheduled premium variable life insurance separate account that owns shares of a management investment company that also offers its shares to a variable annuity separate account or a flexible premium variable life insurance separate account of the same insurance company or an affiliated insurance company. The relief granted by Rule 6e–2(b)(15) also is not available if the variable life insurance separate account owns shares of an underlying management investment company that also offers its shares to variable annuity or variable life insurance separate accounts of unaffiliated life insurance companies or to Plans.

4. In connection with the funding of flexible premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a unit investment trust, Rule 6e–3(T)(b)(15) provides partial exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act. These exemptions are available 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 separate accounts of the life insurer, or of any affiliated life insurance company, offering either scheduled premium variable life insurance contracts or flexible premium variable life insurance 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. Therefore, the exemptions provided by Rule 6e–3(T)(b)(15) are available if the underlying management investment company is engaged in mixed funding, but are not available if the investment company is engaged in shared funding or sells its shares to Plans.

5. Applicants state that the current tax law permits Insurance Products Funds to increase their asset base through the sale of shares of Plans. Section 817(h) of the Internal Revenue Code of 1986, as amended (the ''Code''), imposes certain diversification standards on the underlying assets of Variable Contracts. The Code provides that such contracts shall not be treated as an annuity contract or life insurance contract for any period (and any subsequent period) during which the investments are not adequately diversified in accordance with regulations prescribed by the Treasury Department. Treasury regulations provide that, in order to meet the diversification requirements, all of the beneficial interests in an investment company must be held by the segregated asset accounts of one or more insurance companies. The regulations contain certain exceptions to this requirement, however, one of which permits shares of an investment company to be held by the trustee of a qualified pension or retirement plan without adversely affecting the ability of shares in the same investment company also to be held by the separate accounts of insurance companies in connection with their variable annuity and variable life insurance contracts (Treas. Reg. § 1.817.–5(f)(3)(iii)).

6. Applicants state that the promulgation of Rules 6e–2 and 6e–3(T) preceded the issuance of these Treasury regulations. Applicants assert that, given the then current tax law, the sale of shares of the same underlying fund to separate accounts and to Plans could not have been envisioned at the time of the adoption of Rules 6e–2(b)(15) and 6e–3(T)(b)(15).

Disqualification

7. Section 9(a)(3) of the 1940 Act provides that it is unlawful for any company to act 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). Rule 6e–2(b)(15)(i) and (ii), and 6e–3(T)(b)(15)(i) and (ii) provide partial 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 or administration of the underlying investment company.

8. Applicants state that the partial relief from Section 9(a) provided by Rules 6e–2(b)(15) and 6e–3(T)(b)(15), 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 assert 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 many individuals in a large insurance company complex, most of whom will have no involvement in matters pertaining to investment companies managed, administered, or invested in by that organization. Applicants state that it also is unnecessary to apply Section 9(a) to individuals in various unaffiliated insurance companies (or affiliated companies of Participating Insurance Companies) that may utilize an Insurance Products Fund as the funding medium for Variable Contracts. Applicants assert that there is no regulatory purpose in extending the monitoring requirements because of mixed or shared funding or investment by Plans. Those individuals who participate in the management or administration of an Insurance Products Fund will remain the same regardless of which separate accounts or insurance companies use the Insurance Products Fund. Furthermore, the increased monitoring costs would reduce the net rates of return realized by Contract Owners and Plan Participants.

Pass-Through Voting

9. 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. Applicants state that pass-through voting privileges will be provided with respect to all Contract Owners so long as the Commission interprets the 1940 Act to require pass-

through voting privileges for Contract Owners.

10. Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) provide exemptions from the pass-through voting requirement in certain situations, assuming the limitations on mixed and shared funding imposed by the 1940 Act and the rules thereunder are observed. Rules 6e–2(b)(15)(iii)(A) and 6e–3(T)(b)(15)(iii)(A)(*1*) provide that an insurance company may disregard the voting instructions of its Contract Owners with respect to the investments of an underlying fund or any contract between an investment company and its investment adviser, when required to do so by an insurance regulatory authority, subject to certain conditions. In addition, Rules 6e–2(b)(15)(iii)(B) and 6e–3(T)(b)(15)(A)(*2*) provide that an insurance company may disregard voting instructions of Contract Owners in favor of any change in the investment company's investment policies, principal underwriter or investment adviser, subject to certain conditions.

11. Applicants assert that Rules 6e–2 and 6e–3(T) recognize that a variable life insurance contract is an insurance policy, and is subject to extensive state regulation.

Applicants also assert that in adopting Rule 6e–2(b)(15)(iii), the Commission expressly recognized that state insurance regulators have authority, pursuant to state insurance laws or regulations, to disapprove or require changes in investment policies, investment advisers or principal underwriters of scheduled premium variable life insurance contracts. The Commission deemed such exemptions necessary ''to assume the solvency of the life insurer and performance of its contractual obligations by enabling an insurance regulatory authority or the life insurer to act when certain proposals reasonably could be expected to increase the risks undertaken by the life insurer.'' Applicants state that, in this respect, the corresponding provisions of Rule 6e–3(T) for flexible premium variable life insurance contracts were adopted in recognition of the same factors.

12. Applicants represent that the offer and sale of the Insurance Products Funds to Qualified Plans will not have any impact on the relief requested in this regard. Where applicable, shares of the Insurance Products Funds sold to Qualified Plans will be held by the trustees of such Plans as required by Section 403(a) of the Employee Retirement Income Security Act of 1974 (''ERISA''). Section 403(a) also provides that the trustees of a Plan must have exclusive authority and discretion to manage and control the Plan with two exceptions: (a) when the Plan expressly provides that the trustees 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 Plan and not contrary to ERISA; and (b) when the authority to manage, acquire or dispose of assets of the 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, the Plan trustees have 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. The Qualified Plans may have their trustee(s) or other fiduciaries exercise voting rights attributable to investment securities held by the Qualified Plans in their discretion. Where a Plan does not provide Plan Participants with the right to give voting instructions, Applicants state that they do not see any potential for irreconcilable material conflicts of interest between or among Contract Owners and Plan Participants with respect to voting of the respective Insurance Products Fund's shares. 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 respect to such Plans since the Plans are not entitled to pass-through voting privileges.

13. Applicants state that some Plans may provide for the trustee(s), an investment adviser or another named fiduciary to exercise voting rights in accordance with instructions from Plan Participants. Applicants note, however, that there is no reason to believe that participants in Plants generally, or those in a particular Plan, either as a single group or in combination with other Plans, would vote in a manner that would disadvantage Contract Owners. Applicants submit, therefore, that the purchase of shares by Plans that provide voting rights to Participants does not present any complications not otherwise occasioned by mixed and shared funding.

Conflicts of Interest

14. Applicants state that no increased conflicts of interest would be presented by the granting of the requested relief. Applicants submit 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 states. In this regard, Applicants note that when different Participating Insurance Companies are domiciled in different states, it is possible that the state insurance regulatory body in a state in which one Participating Insurance Company is domiciled could require action that is inconsistent with the requirements of other insurance regulators in one or more other states in which other participating Insurance Companies are domiciled. This possibility, however, is no different or greater than exists when a single insurer and its affiliates offer their insurance products in several states, as is currently permitted. Applicants submit that shared funding by unaffiliated insurers, in this respect, is not different than the use of the same investment ocmpany as the funding vechile for affiliated insurers, which Rules 6e–2(b)(15) and 6e–(T)(b)(15) permit.

15. Applicants state that affiliation does not reduce the potential, if any exists, for differences in state regulatory requirements. In any event, the conditions set forth in the application and later in this notice (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. If a particular state insurance regulator's decision conflicts with the majority of other state regulators, the affected insurer may be required to withdraw its separate account's investment in the relevant Insurance Products Funds. This requirement will be provided for in agreements that will be entered into by Participating Insurance Companies with respect to their participation in the Insurance Products Funds.

16. Rules 6e–2(b)(15) and 6e–(T)(b)(15) give the insurance company the right to disregard the voting instructions of the Contract Owners. This right does not raise any issues different from those raised by the authority of state insurance administrators over separate accounts. Applicant's also assert that affiliation does not eliminate the potential, if any exists, for divergent judgments as to when a Participating Insurance Company could disregard Contract Owner voting instructions. 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 specified good faith determinations.

17. If the Participating Insurance Company's decision to disregard Contract Owner voting instructions represents a minority position or would preclude a majority vote approving a particular change, such Participating Insurance Company may be required, at the election of the relevant Insurance Products Fund, to withdraw its separate account's investment in that Insurance Products Fund and no charge or penalty will be imposed upon the contract Owners as a result of such withdrawal. In addition, if a material irreconcilable conflict involving Plans arises, the Plans may simply redeem their shares and make alternative investments.

18. Applicants submit that there is no reason why the investment policies of an Insurance Products Fund would or should be materially different from what annuity or variable life insurance contracts. In this regard, Applicants assert that the Insurance Products Funds will not be managed to favor or disfavor any particular Participating Insurance Company or type of insurance product or Plan. Each type of insurance product is designed as a long-term investment program. Similarly,the investment objective of Plans, long-term investment, coincides with that of the Variable Contracts and should not increase the potential for conflicts.

19. Applicants submit that no one investment strategy can be identified as appropriate to a particular insurance product or Plan. Each pool of Contract Owners is composed of individuals of diverse financial status, age, and insurance and investment goals. A fund supporting even one type of insurance product must accommodate these diverse factors in order to attract and retain purchasers.

20. Applicants submit that permitting mixed and share funding will provide economic support for the establishment of the Insurance Products Funds. In addition, permitting mixed and shared funding will facilitate the establishment of additional series of Insurance Products Funds serving diverse goals, since a broader base of Contract Owners can be expected to provide economic justification for the creation of additional portfolios with greater variety of investment objectives and policies.

21. Applicants state that Section 817(h) of the Code imposes certain diversification standards on the underlying assets of variable annuity contracts and variable life insurance contracts held in the portfolios of management investment companies. Treasury Regulation § 1.817–5(f)(iii) specifically permits ''qualified pension or retirement plans'' and insurance company separate accounts to share the same underlying investment company. Therefore, Applicants assert that neither the Code, nor the Treasury regulations, nor the revenue rulings thereunder recognize any inherent conflicts of interest if 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 for variable annuity contracts, variable life insurance contracts and Plans are taxed, these differences will have no impact on the Insurance Products Funds and therefore do not raise any conflicts of interest. When distributions are to be made, and a Separate Account or Plan cannot net purchase payments to make the distributions, the Separate Account or Plan will redeem shares of the Insurance Products Funds at their respective net asset value to provide proceeds to meet distribution needs. The Plan will then make distributions in accordance with the terms of the Plan, and the Participating Insurance Company will make distributions in accordance with the terms of the Variable Contract. Accordingly, Applicants assert that the tax consequences of distributions from Variable Contracts and Plans do not raise any conflicts of interest with respect to the use of the Insurance Products Funds.

23. Applicants represent that the Insurance Products Funs will inform each shareholder, including each Separate Account and Plan, of information necessary for any meeting of shareholders. Each Participating Insurance Company will then solicit voting instructions in accordance with the ''pass-through'' voting requirement. The voting rights provided to Qualified Plans with respect to shares of the Insurance Products Funds would be no different from the voting rights that are provided to Qualified Plans with respect to shares of mutual funds sold to the general public.

24. Applicants submit that the ability of the Insurance Products Funds to sell their shares directly to Plans does not create a ''senior security,'' as such term is defined under Section 18(g) of the 1940 Act, with respect to any Contract Owner as opposed to a Plan Participant. As noted above, regardless of the rights and benefits of Participants under the Plans, or Contract Owners under their Variable Contracts, the Plans and Separate Accounts have rights only with respect to their respective shares of the Insurance Products Funds. They can redeem such shares only at their net asset value. No shareholder of any of the Insurance Products Funds has any preference over any other shareholder with respect to distribution of assets or payments of dividends.

25. Applicants assert that there are no conflicts between Contract Owners and Plan Participants with respect to state insurance commissioners' veto powers over investment objectives. Applicants note that the basic premise of corporate democracy and shareholder voting is that not all shareholders may agree with a particular proposal. Although the interests and opinions of shareholders may differ, this does not mean that inherent conflicts of interest exist between or among such shareholders. The state insurance commissioners have been given the veto power in recognition of the fact that insurance companies usually cannot simply redeem their separate accounts out of one fund and invest in another. While time-consuming, complex transactions must be undertaken to accomplish redemptions and transfers by Separate Accounts, trustees of Plans can quickly redeem their shares from Insurance Products Funds and reinvest in another funding vehicle without the same regulatory impediments or, as is the case with most Plans, even hold cash pending suitable alternative investment. Applicants maintain that even if there should arise issues where the interests of Contract Owners and the interests of Participants in Qualified Plans are in conflict, the issues can be almost immediately resolved because the trustees of the Plans can, on their own, redeem shares out of the Insurance Products Funds.

26. Applicants submit that mixed and shared funding should provide benefits to Contract Owners by eliminating a significant portion of the costs of establishing and administering separate funds. The Separate Accounts of Participating Insurance Companies will benefit not only from the investment and administrative expertise available through the Insurance Products Funds, but also from the cost efficiencies and investment flexibility afforded by a larger pool of assets. Mixed and shared funding also would permit a greater amount of assets available for investment, thereby promoting economies of scale, permitting greater diversification, and making the addition of new series more feasible. Additionally, making the Insurance Products Funds available for mixed and shared funding will encourage more insurance companies to offer Variable Contracts, and this should result in increased competition with respect to both Variable Contract design and pricing, which can be expected to result

in more product variation and lower charges.

Applicants' Conditions

Applicants have consented to the following conditions:

1. A majority of each Insurance Products Fund's Board of Trustees or Directors (each, a ''Board'') will consist of persons who are not ''interested persons'' thereof, 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 the trustee(s) or directors(s), 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. Each Insurance Products Fund's Board will monitor its respective fund for the existence of any material irreconcilable conflict between and among the interests of Contract Owners of all Separate Accounts and of Plan Participants investing in the respective Insurance Products Fund, 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 the Insurance Products Funds are being managed; (e) a difference in voting instructions given by variable annuity contract owners, variable life insurance contract owners and trustees of Qualified Plans; (f) a decision by a Participating Insurance Company to disregard the voting instructions of Contract Owners; or (g) if applicable, a decision by a Participating Qualified Plan (as defined below) to disregard the voting instructions of Plan Participants.

3. The Adviser (or any other investment adviser of an Insurance Products Fund), any Participating Insurance Company and any Plan that executes a fund participation agreement upon becoming an owner of 10% or more of the assets of an Insurance Products Fund (referred to herein as a ''Participating Qualified Plan'') will report any potential or existing conflicts to the Board. The Adviser, Participating Insurance Companies, and Participating Qualified Plans will be obligated to assist the appropriate Board in carrying out its responsibilities 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 and, if pass-through voting is applicable, an obligation by each Participating Qualified Plan to inform the Board whenever it has determined to disregard Plan Participant voting instructions. The responsibility to report such information and conflicts and to assist the Boards will be contractual obligations of all Participating Insurance Companies and Participating Qualified Plans investing in the Insurance Products Funds under their respective agreements governing participation in the Insurance Products Funds, and such agreements will provide that these responsibilities will be carried out with a view only to the interests of Contract Owners and Plan Participants, as applicable.

4. If a majority of an Insurance Products Fund's Board members, or a majority of its disinterested directors, determine that a material irreconcilable conflicts exists, the relevant Participating Insurance Companies, adviser and Participating Qualified Plans, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested directors of the fund), will take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict. Such steps could include: (a) withdrawing the assets allocable to some or all of the Separate Accounts from the Insurance Products Fund or any of its series and reinvesting such assets in a different investment medium, which may include another series of the Insurance Products Fund or another Insurance Products Fund; (b) in the case of Participating Insurance Companies, submitting the question as to 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 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; and (c) establishing a new registered management investment company or managed separate account. If a material irreconcilable conflicts arises because of a decision by a Participating Insurance Company to disregard Contract Owner voting instructions, and this decision represents a minority position or would preclude a majority vote, the Participating Insurance Company may be required, at the election of the Insurance Products Fund, to withdraw its Separate Account's investment in such fund, or any series thereof, and no change or penalty will be imposed as a result of such withdrawal. If a material irreconcilable conflicts arises because of a Participating Qualified Plan's decision to disregard Plan Participant voting instructions, if applicable, and that decision represents a minority position or would preclude a majority vote, the Participating Qualified Plan may be required, at the election of the Insurance Products Fund, to withdraw its investment in such fund, or any series thereof, and no charge or penalty will be imposed as a result of such withdrawal. To the extent permitted by applicable law, the responsibility to take remedial action in the event of a Board determination of a material irreconcilable conflict and to bear the cost of such remedial action will be a contractual obligation of all Participating Insurance Companies and Participating Qualified Plans under their agreements governing participation in the Insurance Products Funds and these responsibilities will be carried out with a view only to the interests of the Contract Owners and Plan Participants, as applicable.

5. For purposes of Condition 4, a majority of the disinterested members of the applicable Board will determine whether or not any proposed action adequately remedies any material irreconcilable conflict, but in no event will an Insurance Products Fund or the Adviser (or any other investment adviser of an Insurance Products Fund) be required to establish a new funding medium for any Variable Contract. No Participating Insurance Company will be required by Condition 4 to establish a new funding medium for any Variable Contract if a majority of Contract Owners materially and adversely affected by the material irreconcilable conflict vote to decline such offer. No Participating Qualified Plan will be required by Condition 4 to establish a new funding medium for such plan if (a) a majority of Plan Participants materially and adversely affected by the material irreconcilable conflict vote to

decline such offer or (b) pursuant to governing Plan documents and applicable law, the Participating Qualified Plan makes such decision without Plan Participant vote.

6. A Board's determination of the existence of a material irreconcilable conflict and its implications will be made known promptly in writing to the Adviser and to all Participating Insurance Companies and all Participating Qualified Plans.

7. Participating Insurance Companies will provide pass-through voting privileges to all Contract Owners so long as the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for Contract Owners. Accordingly, Participating Insurance Companies will vote shares of Insurance Products Funds held in their Separate Accounts in a manner consistent with timely voting instructions received from Contract Owners. In addition, each Participating Insurance Company will vote shares of Insurance Products Fund held in its Separate Accounts for which it has not received timely voting instructions from Contract Owners, as well as shares which the Participating Insurance Company itself owns, in the same proportion as those shares for which it has received voting instructions. Participating Insurance Companies will be responsible for assuring that each of their Separate Accounts investing in an Insurance Products Fund calculates voting privileges in a manner consistent with the Separate Accounts of all other Participating Insurance Companies investing in that fund. The obligation to calculate voting privileges in a manner consistent with all other Separate Accounts investing in an Insurance Products Fund will be a contractual obligation of all Participating Insurance Companies under their agreements governing participation in the Insurance Products Fund. Each Participating Qualified Plan will vote as required by applicable law and governing Plan documents.

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

9. Each Insurance Products Fund will notify all Participating Insurance Companies that Separate Account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Due to differences in tax treatment and other considerations, each Insurance Products Fund will disclose in its prospectus that: (a) its shares are intended to be a funding vehicle for both variable annuity and variable life insurance contracts offered by various Participating Insurance Companies and for Qualified Plans; (b) material irreconcilable conflicts may arise among various Contract Owners and Plan Participants investing in the Insurance Products Fund; and (c) the Board will monitor the Insurance Products Fund for any material irreconcilable conflicts and determine what action, if any, should be taken in response to any such conflict.

10. Each Insurance Products Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, will be the persons having a voting interest in shares of the Insurance Products Funds). In particular, each Insurance Products Fund either will provide for annual shareholder meetings (except insofar as 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 Insurance Products Funds are 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, each Insurance Products Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of Board members and with whatever rules the Commission may promulgate with respect thereto.

11. If and to the extent that Rule 6e–2 or Rule 6e–3(T) under the 1940 Act is amended, or Rule 6e–3 under the 1940 Act is adopted, to provide exemptive relief from any provision of the 1940 Act, or the rules promulgated thereunder with respect to mixed or shared funding, on terms and conditions materially different from any exemptions granted in the order requested in the application, then the Insurance Products Funds and/or the Participating Insurance Companies, as appropriate, will take such steps as may be necessary to comply with Rule 6e–2 or Rule 6e–3(T), as amended, or proposed rule 6e–3 as adopted, to the extent such rules are applicable.

12. The Adviser, the Participating Insurance Companies and Participating Qualified Plans, at least annually, will submit to each Board such reports, materials or data as each Board may reasonable request so that the Board may fully carry out the obligations imposed upon it by the conditions stated in the application. Such reports, materials and data will be submitted more frequently if deemed appropriate by the Board. The obligations of the Participating Insurance Companies and Participating Qualified Plans to provide these reports, materials and data upon reasonable request of a Board shall be a contractural obligation of all Participating Insurance Companies and Participating Qualified Plans under their agreements governing their participation in the Insurance Products Funds.

13. If a Plan or Plan Participant should become an owner of 10% or more of the assets of an Insurance Products Fund, such Plan or Plan Participant will execute a participation agreement with such fund which includes the conditions set forth herein to the extent applicable. A Plan or Plan Participant will execute an application containing an acknowledgment of this condition upon initial purchase of the shares of any Insurance Products Fund.

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.

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SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (GP Strategies Corporation, Common Stock, $.01 Par Value) File No. 1–7234

June 9, 1998.

GP Strategies Corporation (''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