requirements of Section 27(a)(3) and Rules 6e–3(T)(b)(13)(ii) and 6e–3(T)(d)(1)(ii)(A) to the extent necessary to permit the deduction of a surrender charge modified by the COLI Rider, because such a deduction could be at a percentage that is greater than the percentage of sales load that would have been deducted had the surrender occurred earlier, when the COLI Rider would have limited the deduction to a lesser amount.

6. Applicants represent that when there has been no partial withdrawal to which the COLI Rider applies at the time of the lapse, face amount decrease, or surrender, the sales load imposed would not be higher in percentage than that imposed upon any prior partial withdrawal or face amount decrease. Applicants further represent that in such a case, however, the sales load imposed might be different (i.e., lower) than that imposed on prior face amount decreases or partial withdrawals not subject to the COLI and, therefore, be deemed to violate Section 27(a)(3). Moreover, because the deferred sales load that would have been imposed on prior transactions subject to the COLI Rider could have been lower, the relief from Section 27(a)(3) provided by exemptive rule would not be available. For these reasons as well, Applicants request relief to permit the deduction of a surrender charge modified by the COLI Rider.

7. Applicants submit that the requested relief should be granted because the Policies' sales charge structure benefits Policy owners and is not inconsistent with the policies and purposes behind Section 27(a)(3), namely, addressing 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 little of the investor's money was actually invested and an investor redeeming in the early periods would recoup little of his or her investment. Applicants further submit that, to the extent that the operation of the Rider actually reduces the amount of sales charges otherwise payable under a Policy in the early years, the Rider can be viewed as furthering the purposes of the 1940 Act.

8. Applicants submit that discouraging unduly complicated sales charges also may be deemed to be a purpose of Section 27(a)(3) and Rules 6e–3(T)(b)(13)(ii) and 6e–3(T)(d)(1). Applicants further submit that the variation to the Policies' sales charge structure effected by the COLI Rider is relatively straightforward and easily understood as compared to that of many other variable life insurance policies currently being offered. Moreover, Applicants represent that eligible Policy owners will benefit from the sales charge structure effected by the Rider, and that the prospectuses for the Policies, or supplements thereto, will contain disclosure information prospective Policy owners of the effect of the Rider on the sales charges under the Policies.

Conclusion

For the reasons set forth above, Applicants represent that the exemptions requested are necessary and 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. 96–6639 Filed 3–19–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21823; File No. 812–9754]

The Minnesota Mutual Life Insurance Company, et al.

March 13, 1996.

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

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

APPLICANTS: The Minnesota Mutual Life Insurance Company (''Minnesota Mutual''), Minnesota Mutual Variable Annuity Account (''Account'') and MIMLIC Sales Corporation (''MIMLIC'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) for exemption from Sections 26(a)(2)(C) and 27(c)(2) of the Act.

SUMMARY OF APPLICATION: Applicants seek an order to permit the deduction from the assets of the Account of a mortality and expense risks charge and a deduction from each purchase payment of a guaranteed minimum annuity risk charge, under certain variable annuity contracts (''Contracts''). Applicants also request that the exemptions apply to (a) contracts that are substantially similar in all material respects to the Contracts (''Future Contracts''), (b) any separate account established by Minnesota Mutual in the future to fund the Contracts or Future Contracts (''Future Accounts'') and (c) any National Association of Securities Dealers (''NASD'') member that may in the future serve as principal underwriter of the Contracts or Future Contracts (''Future Underwriter'').

FILING DATE: The application was filed on September 8, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing on the application, or ask to be notified if a hearing is ordered, by writing to the Commission's Secretary and serving the Applicants with a copy of the request, either personally or by mail. Hearing requests must be received by the SEC by 5:30 pm., on April 8, 1996 and should be accompanied by proof of service on the Applicants, either by affidavit, or, for lawyers, by 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 the hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o Donald F. Gruber, Esq., Senior Counsel, The Minnesota Mutual Life Insurance Company, 400 North Robert Street, St. Paul, MN 55101–2098.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel, or Wendy Finck Friedlander, Deputy 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 is available for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. Minnesota Mutual is a mutual life insurance company organized under Minnesota law. The Account is registered with the Commission under the Act as a unit investment trust. The Account is divided into a number of sub-accounts, each corresponding to a mutual fund portfolio in which the sub-account's assets are invested. Currently, there is only one sub-account (''Sub-Account'') available under the Contracts.

2. MIMLIC, a wholly owned subsidiary of MIMLIC Asset Management Company, which in turn is a wholly owned subsidiary of Minnesota Mutual, will be the principal underwriter of the Contracts. MIMLIC is registered as a broker-dealer under the Securities Exchange Act of 1934 and is an NASD member.

3. The Contracts are individual, immediate variable annuity contracts

designed for use in connection with personal retirement plans, some of which may qualify for federal income tax advantages under the Internal Revenue Code of 1986, as amended. The Contracts provide for scheduled annuity payments, which must commence on a date within 12 months after the issue date of the Contract, except in certain states where a shorter period is required.

4. Prior to the commencement of annuity payments, the owner of a Contract may surrender it for its total annuity value as of the date of surrender plus amounts deducted for sales charge, risk charges, and state premium taxes where applicable. After the commencement of annuity payments and during the cash value period, the owner may withdraw all or a portion of the cash value of the Contract, subject to certain dollar minimums. The cash value period commences on the date annuity payments commence and runs for a period approximately equal to the annuitant's life expectancy at the time the Contract is issued.

5. The Contract provides for two annuity payment options: a life annuity and a joint and last survivor annuity. If the annuitant, or the last surviving annuitant, dies during the cash value period, the beneficiary will be paid a death benefit equal to the cash value of the Contract. The Contract permits the beneficiary to elect, a lieu of a single sum payment, payment of the death benefit in the form of annuity payments until the end of the cash value period and to withdraw some or all of the cash value.

6. Although annuity payments will vary in relation to the investment performance of the Sub-Account, Minnesota Mutual guarantees a minimum annuity payment of at least 85% of the initial variable annuity payment amount. If an additional purchase payment is made, Minnesota Mutual guarantees that the variable annuity payments will always be at least 85% of the initial annuity payment amount attributable to that additional purchase payment plus the amount already guaranteed at the time of that purchase payment. Withdrawals of cash value will reduce the guaranteed minimum payment amount.

7. Purchase payments under the Contracts will be credited in the form of annuity units and cash value units. Annuity units serve to measure the amount of each variable annuity payment under the Contracts, subject to the guaranteed minimum annuity payment amount. Cash value units serve to measure the cash value of the Contract available for withdrawal during the cash value period. The amount of cash value at any time is equal to the number of cash value units credited to the Contract times the current annuity unit value times a factor set forth in a table in the Contract.

8. Additional purchase payments may be made during the cash value period while the annuitant is alive, subject to certain limitations and Minnesota Mutual's right to terminate at any time the owner's right to make additional payments. Each purchase payment will result in the credit of a number of cash value units equal to the number of annuity units credited. A withdrawal of cash value will result in the cancellation of cash value units as well as a number of annuity units. The reduction in cash value and annuity units as the result of a withdrawal will normally be at different rates, so that the number of cash value units after a withdrawal will no longer equal the number of annuity units. While annuity payments will be reduced as a result of cash value withdrawals, so long as the annuitant is alive, annuity payments will never be eliminated, even if all available cash value is completely withdrawn.

9. Under the Contract, deductions are made from each purchase payment for a sales charge, a risk charge and state premium taxes, where applicable. A sales charge is deducted from the purchase payment using a percentage determined by the amount of total cumulative premiums paid to the date of the purchase payment, including the new purchase payment and any purchase payments made to a Contract previously issued to the same owner [1] (''cumulative premiums''). The sales charge is 4.5% if cumulative premiums are less than $500,000, 4.125% if cumulative premiums are $500,000 to $749,999.99 and 3.75% if cumulative premiums are $750,000 to $1,000,000.

10. Currently, a risk charge of 1.25% is deducted from each purchase payment for Minnesota Mutual's guarantee of the minimum annuity payment (''guaranteed minimum annuity risk charge''). This charge may be increased to a maximum of 2%. According to the Applicants, if the charge proves to be insufficient to cover the actual cost of the risk assumed by Minnesota Mutual in providing a guarantee of a minimum annuity payment amount, then Minnesota Mutual will absorb the resulting losses. Conversely, if the charge proves to be more than sufficient after the establishment of any contingency reserves deemed prudent or required by law, any excess will be profit to Minnesota Mutual.

11. In addition to the above deductions from purchase payments, certain deductions will be made from the net asset value of the Sub-Account. Minnesota Mutual will deduct a charge, computed daily, currently equal to an annual rate of .15% of the Sub-Account's net asset value for administrative services relative to the Contracts. Minnesota Mutual reserves the right to increase this charge to a maximum annual rate of .40% of the Sub-Account's net asset value. In making this charge, Applicants state that they are relying on Rule 26a–1 under the Act, and amounts so deducted will satisfy the ''at-cost'' restrictions of that Rule.

12. Minnesota Mutual also will deduct a charge, computed daily, currently equal to an annual rate of .80% of the Sub-Account's net asset value for mortality and expense risks assumed by Minnesota Mutual under the Contracts, of which .55% is for mortality risks and .25% is for expense risks. Minnesota Mutual reserves the right under the Contracts to increase the mortality risk charge to .80% and the expense risk charge to .60%. However, any increase of the total charge for mortality and expense risks above 1.25% on an annual basis would be subject to the approval of the Commission.

13. The mortality risk assumed by Minnesota Mutual in connection with the Contracts arises from Minnesota Mutual's guarantee that it will make annuity payments in accordance with the annuity tables and other provisions in the Contract to each annuitant regardless of how long that annuitant lives or all annuitants as a group live. This assures that neither an annuitant's own longevity nor an improvement in life expectancy generally will have an adverse effect on the annuity payments received under the Contract. The expense risk assumed by Minnesota Mutual in connection with the Contracts arises from Minnesota Mutual's guarantee that the deductions provided for in the Contracts for sales and administrative expenses and the guaranteed minimum annuity payment amount will be adequate to cover actual expenses incurred. If the deductions made for mortality and expense risks prove to be insufficient to cover the actual cost of the mortality and expense risks assumed, Minnesota Mutual will absorb the resulting losses.

[1] The application will be amended during the notice period to include the portion of this representation relating to payments under previously issued Contracts.

Applicants' Legal Analysis

1. Applicants request exemptive relief, pursuant to Section 6(c) of the Act, from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the Act to permit (a) the deduction of a guaranteed minimum annuity risk charge of up to 2% of a purchase payment from each purchase payment made under a Contract or Future Contract and, (b) the deduction of a mortality and expense risks charge of up to 1.25% from the assets of the Account or Future Accounts with respect to the Contracts and Future Contracts. Applicants also request that the exemptive relief extend to any other NASD member that may serve in the future as principal underwriter for the Contracts or Future Contracts.

2. Section 26(a)(2)(C) provides that no payment to the depositor of, or principal underwriter for a registered unit investment trust shall be allowed the trustee or custodian as an expense except compensation, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative duties normally performed by the trustee or custodian. Section 27(c)(2) prohibits a registered investment company or a depositor or underwriter for such company from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, on such certificates are deposited with a trustee or custodian having the qualifications prescribed in Section 26(a)(1), and are held by such trustee or custodian under an agreement containing substantially the provisions required by Sections 26(a)(2)(C) and 26(a)(3) of the Act.

3. Applicants submit that Minnesota Mutual is entitled to reasonable compensation for its assumption of risks associated with the guaranteed minimum annuity payment amount and its assumption of mortality and expense risks. Applicants represent that the guaranteed minimum annuity risk charge of up to 2% is reasonable in relation to the risks assumed. This representation is based upon a determination by Minnesota Mutual actuaries of the amount of a one-time charge reburied to cover the Company's risks for the guarantee with respect to each purchase payment. Minnesota Mutual will maintain at its home office, available to the Commission upon request, a memorandum summarizing the analysis made and the basis for Minnesota Mutual's conclusion in this regard.

4. Applicants represent that the mortality and expense risks charge is within the range of industry practice for comparable annuity products. This representation is based upon an analysis made by Minnesota Mutual of publicly available information about selected variable annuity products, taking into consideration such factors as any contractual rights to increase charges above current levels, the existence of other charges and a front end sales load deduction. Minnesota Mutual will also maintain at its home office, available to the Commission upon request, a memorandum providing the basis for its conclusion in this regard, setting forth in detail the products analyzed in the course of, and the methodology and results of, the comparative survey made.

5. Applicants acknowledge that it is possible that Minnesota Mutual's revenues from the sales charge could be less than its costs of distributing the Contracts. In that case, the excess distribution costs would be paid out of Minnesota Mutual's general assets, including the profits, if any, from the guaranteed minimum annuity risk charge or the mortality and expense risks charge. In those circumstances, a portion of the guaranteed minimum annuity risk charge or the mortality and expense risks charge might be viewed as providing for some of the costs relating to the distribution of the Contracts.

6. Notwithstanding the foregoing, Minnesota Mutual has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements made with respect to the Contracts will benefit the Separate Account and Contract owners. The basis for that conclusion is set forth in a memorandum which will be maintained by Minnesota Mutual at its home office and will be available to the Commission upon request. Moreover, Minnesota Mutual represents that the Separate Account will invest only in an underlying mutual fund which undertakes, in the event it should adopt any plan under Rule 12b–1 to finance distribution expenses, to have that plan formulated and approved by a board of directors, a majority of the members of which are not ''interested persons'' of that fund within the meaning of Section 2(a)(19) of the Act.

7. Applicants submit that extending the relief to Future Contracts, Future Accounts and Future Underwriters is appropriate in the public interest. According to the Applicants, the requested exemptions should promote competitiveness in the variable annuity contract market by eliminating the need for filing redundant exemptive applications, thereby reducing Minnesota Mutual's costs. The delay and expense of repeatedly seeking exemptive relief for substantially similar contracts, new separate accounts or new principal underwriters could impair Minnesota Mutual's ability to take effective advantage of business opportunities that might arise. There is no benefit or additional protection afforded to investors by requiring Applicants to repeatedly seek exemptive relief with respect to the same issues addressed in the application.

8. Applicants represent that before any Future Contracts are made available for sale to the public, Minnesota Mutual will have determined that the mortality and expense risk charges under such contracts are within the range of industry practice for comparable annuity products based upon its analysis of then publicly available information about selected variable annuity products. Minnesota Mutual will maintain at its home office, available to the Commission upon request, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, the comparative survey made.

9. Applicants also represents that, if the sales charges under any Future Contracts are expected to be insufficient to cover the costs of distributing such contracts, before the Future Contracts are made available for sale to the public, Minnesota Mutual will have concluded that there is a reasonable likelihood that the proposed distribution financing arrangements made with respect to the Future Contracts will benefit the Separate Account or Future Account, as applicable, and the owners of the Future Contracts. The basis for that conclusion will be set forth in a memorandum that will be maintained by Minnesota Mutual at its home office and will be available to the Commission upon request. Moreover, Minnesota Mutual represents that if the Future Contract is funded by a Future Account, the Future Account will invest only in an underlying mutual fund which undertakes, in the event such fund should adopt any plan under Rule 12b–1 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 Act.

Conclusion

Applicants submit that the exemptive relief requested is 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 Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–6640 Filed 3–19–96; 8:45 am]

BILLING CODE 8010–01–M

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (PLM Equipment Growth Fund III, Limited Partnership Depository Units) File No. 1–10813

March 14, 1996.

PLM Equipment Growth Fund III (''Partnership'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified security (''Security'') from listing and registration on the American Stock Exchange, Inc. (''Amex'').

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

According to the Partnership, PLM Financial Services, Inc. acts as the general partner, and as such is responsible for managing the affairs of the partnership. The Partnership was originally anticipated to have a life-span not to exceed 10–12 years unless earlier terminated pursuant to the provisions of the limited partnership agreement. The Partnership was informed in May 1988 and it became listed on August 16, 1991. There are three phases to this partnership; funding, operations (including a period of reinvestment), and, liquidation. Because the Partnership will soon be terminating its reinvestment phase, it is considered to be in, or entering into, its liquidation stage. Sizable equipment sales will significantly reduce the size of the partnership's remaining portfolio which will make it difficult for the marketplace to accurately price the units. The Partnership has recently completed one such sale and we anticipate that similar sales will take place in the partnership in the near future.

Any interested person may, on or before April 4, 1996 submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary,

[FR Doc. 96–6633 Filed 3–19–96; 8:45 am]

BILLING CODE 8010–01–M

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (PLM Equipment Growth Fund II, Limited Partnership Depositary Units) File No. 1–10553

March 14, 1996.

PLM Equipment Growth Fund II (''Partnership'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified security (''Security'') from listing and registration on the American Stock Exchange, Inc. (''Amex'').

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

According to the Partnership, PLM Financial Services, Inc. acts as the general partner, and as such is responsible for managing the affairs of the partnership. The Partnership was originally anticipated to have a life-span not to exceed 10–12 years unless earlier terminated pursuant to the provisions of the limited partnership agreement. The Partnership was informed in May 1987 and it became listed on November 20, 1990. There are three phases to this partnership; funding, operations (including a period of reinvestment), and, liquidation. Because the Partnership will soon be terminating its reinvestment phase, it is considered to be in, or entering into, its liquidation stage. Sizable equipment sales will significantly reduce the size of the partnership's remaining portfolio which will make it difficult for the market place to accurately price the units. The Partnership has recently completed one such sale and we anticipate that similar sales will take place in the partnership in the near future.

Any interested person may, on or before April 4, 1996 submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96–6634 Filed 3–19–96; 8:45 am]

BILLING CODE 8010–01–M

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (PLM Equipment Growth Fund, Limited Partnership Depositary Units) File No. 1–10260

March 14, 1996.

PLM Equipment Growth Fund (''Company'') has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'') and Rule 12d2–2(d) promulgated thereunder, to withdraw the above specified security (''Security'') from listing and registration on the American Stock Exchange, Inc. (''Amex'').

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

According to the Partnership, PLM Financial Services, Inc. acts as the general partner, and as such is responsible for managing the affairs of the Partnership. The Partnership was originally anticipated to have a life-span not to exceed 10–12 years unless earlier terminated pursuant to the provisions of the limited partnership agreement. The Partnership was formed in May 1986 and it became listed on June 1, 1990. There are three phases to this partnership; funding, operations (including a period of reinvestment), and, liquidation. Because the Partnership will soon be terminating its reinvestment phase, it is considered to be in, or entering into, its liquidation stage. Sizable equipment sales will significantly reduce the size of the Partnership's remaining portfolio which will make it difficult for the market place to accurately price the units. The Partnership has recently completed one such sale and we anticipate that similar