

and will conservatively lower the amount of effluents that can be released. Therefore, it will not cause an increase in individual or cumulative occupational radiation exposures. The new settling pond limit is based on that quantity which would not exceed the effluent concentrations of 10 CFR Part 20, Appendix B, Table 2, Column 2, at the nearest potable water supply if an uncontrolled release of settling pond inventory should occur. The effluent concentration limits in 10 CFR Part 20, Appendix B, Table 2, are more conservative than the current limits in the licensee's TS. Thus the change proposed by the licensee results in a net decrease in the maximum quantity of radioactive material permitted in the settling ponds.

The change will not increase the probability or consequences of accidents, no changes are being made in the types of any effluents that may be released offsite, and there is no significant increase in the allowable individual or cumulative occupational radiation exposure. Accordingly, the Commission concludes that there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the proposed action does not affect nonradiological plant effluents and has no other environmental impact. Accordingly, the Commission concludes that there are no significant nonradiological environmental impacts associated with the proposed action.

Alternatives to the Proposed Action

Since the Commission has concluded there is no measurable environmental impact associated with the proposed action, any alternatives with equal or greater environmental impact need not be evaluated. As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources

This action does not involve the use of any resources not previously considered in the Final Environmental Statement for the Virgil C. Summer Nuclear Station, Unit No. 1.

Agencies and Persons Consulted

In accordance with its stated policy, on October 26, 1995 the staff consulted with the South Carolina State official, Mr. Virgil Autry of the Bureau of Solid

and Hazardous Waste Management, Department of Health and Environmental Control, regarding the environmental impact of the proposed action. The State official had no comments.

Finding of No Significant Impact

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the licensee's letter dated February 21, 1995, as supplemented by letters dated August 31, 1995, and December 4, 1995, which are available for public inspection at the Commission's Public Document Room, The Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Fairfield County Library, 300 Washington Street, Winnsboro, SC.

Dated at Rockville, Maryland, this 19th day of December 1995.

For the Nuclear Regulatory Commission,
Frederick J. Hebdon,
*Director, Project Directorate II-3, Division of
Reactor Projects—I/II Office of Nuclear
Reactor Regulation.*

[FR Doc. 95-31253 Filed 12-22-95; 8:45 am]

BILLING CODE 7590-01-P

[Docket No. 50-245]

Northeast Utilities, Millstone Nuclear Power Station, Unit 1; Issuance of Director's Decision Under 10 CFR 2.206

Notice is hereby given that the Director, Office of Nuclear Reactor Regulation, has taken action with regard to a Petition dated January 8, 1995, by Mr. Anthony J. Ross. The Petition pertains to Millstone Nuclear Power Station, Unit 1.

In the Petition, the Petitioner raised concerns regarding the Millstone station site paging and site siren evacuation alarm system at Millstone Unit 1. The Petitioner requested that the U.S. Nuclear Regulatory Commission (NRC) institute at least three sanctions against his department manager and institute sanctions against the Petitioner's coworker and maintenance first-line supervisor for engaging in deliberate misconduct in violation of 10 CFR 50.5. As grounds for this request, the Petitioner alleged that on numerous occasions since January 1994, his department manager had instructed the

Petitioner's coworkers to shut off or turn down the volume on the site paging and site siren evacuation alarm system in the Unit 1 maintenance shop, and the Petitioner's first-line supervisor and coworker had complied with this request, in violation of Technical Specification 6.8.1 and NUREG-0654.

The Director of the Office of Nuclear Reactor Regulation has determined to deny the Petition. The reasons for this denial are explained in the "Director's Decision Pursuant to 10 CFR 2.206" (DD-95-23), the complete text of which follows this notice and is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Learning Resources Center, Three Rivers Community-Technical College, 574 New London Turnpike, Norwich, CT 06360.

A copy of the Decision will be filed with the Secretary of the Commission for the Commission's review in accordance with 10 CFR 2.206(c) of the Commission's regulations. As provided by this regulation, the Decision will constitute the final action of the Commission 25 days after the date of issuance unless the Commission, on its own motion, institutes a review of the Decision in that time.

Dated at Rockville, Maryland, this 19th day of December 1995.

For the Nuclear Regulatory Commission,
William T. Russell,

*Director, Office of Nuclear Reactor
Regulation.*

[FR Doc. 95-31255 Filed 12-22-95; 8:45 am]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-21605; File No. 812-9334]

New England Variable Life Insurance Company, et al.

December 18, 1995.

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

ACTION: Notice of application for an order of approval under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: New England Variable Life Insurance Company ("NEVLICO"), New England Variable Annuity Separate Account ("NEVLICO Account"), New England Mutual Life Insurance Company ("New England"), The New

England Variable Account ("TNE Account") and New England Securities Corporation ("New England Securities").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 11(c).

SUMMARY OF APPLICATION: Applicants seek an order approving offers to owners of certain variable annuity contracts supported by the TNE Account (the "Old Contracts") to exchange the Old Contracts for certain variable annuity contracts supported by the NEVLICO Account (the "New Contracts").

FILING DATE: The application was filed on November 18, 1994 and amended on August 16, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on January 12, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants, 501 Boylston Street, Boston Massachusetts 02117.

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: The following is a summary of the application. The complete application is available for a fee from the Public Reference Branch of the SEC.

Applicant's Representations

1. NEVLICO, a stock life insurance company organized in 1980 under Delaware law, is a wholly-owned subsidiary of New England, a mutual life insurance company organized in Massachusetts in 1835.

2. The NEVLICO Account and the TNE Account ("Accounts"), separate accounts within the meaning of Section 2(a)(37) of the 1940 Act, are registered under the 1940 Act as unit investment trusts. The Accounts are divided into subaccounts each of which invests in a designated portfolio of the New England

Zenith Fund or the Variable Insurance Products Fund. Sub-accounts may be added to or deleted from the Accounts from time to time.

3. New England Securities serves as the distributor and principal underwriter for the Old Contracts and will serve as distributor and principal underwriter for the New Contracts. New England Securities is a wholly-owned subsidiary of New England.

4. According to the Applicants, the Old Contracts and the New Contracts are similar. However, the New Contracts offer an enhanced death benefit, a more flexible systematic withdrawal feature, alternative annuity options and waivers of charges in certain situations. Fewer investment options are offered under the New Contracts.

5. Comparison of Contract Features:

a. Forms in Which Issued. Both the Old Contracts and the New Contracts are issuable as flexible and single purchase payment deferred variable annuity contracts.

b. Purchase Payments. The initial purchase payment for the Old Contracts must be at least \$25 for a flexible payment contract and \$5,000 for a single payment contract. Subsequent purchase payments must be at least \$25. In three states, premium taxes are deducted from payments before investment under an Old Contract. The initial purchase payment for a New Contract must be at least \$2,000 for certain tax-qualified contracts and \$5,000 for all other contracts. Subsequent purchase payments must be \$250 and no purchase payments may be made after a contract owner reaches age 86. No premium taxes are deducted from purchase payments before investment under a New Contract, however, such taxes will be deducted upon a full or partial surrender. Under both the Old and New Contracts, New England and NEVLICO reserve the right to limit purchase payments made in any year or in total under the Contracts.

c. Allocations and Transfers. Both the Old and New Contracts permit allocations to up to 10 accounts including one or more subaccounts and/or the Fixed Account. 17 subaccounts are available under the Old Contracts, whereas 12 are available under the New Contracts. Minimum transfer amounts are \$25 under the Old Contracts and \$100 under the New Contracts subject to a maximum of \$5,000 under both contracts. Dollar cost averaging is permitted under both contracts.

d. Annuity Payments. Under the Old Contracts, the owner could select a maturity date at issue, subject to certain limits. The maturity date under the New Contracts is the date that the owner or

annuitant reaches age 95 (or the maximum permitted under state law). Three annuity options are the same under both contracts. However, the Old Contracts offer three options not available under the New Contracts: life income, installment refund; investment; and specified amount of income and the New Contracts offer one annuity option not available under the Old Contracts, namely, income until the payee reaches 100. All options are available under the Old Contracts in fixed form, and all except investment and specified amount of income options are available in variable form. All options under the New Contracts are available in fixed and variable form. Under the New Contracts, the payee under the variable form of a life contingency payment option with a period certain may withdraw the commuted value of the remaining payments payable during the period certain.

e. Death Proceeds. Under the Old Contracts, the death benefit is the greater of the Contract value next determined after receipt of proof of death or election of payment form and the sum of all purchase payments less surrenders. Under the New Contracts, the death benefit is the Contract value next determined after receipt of proof of death or election of payment form and the guaranteed minimum death benefit. On the date of issue, the guaranteed minimum benefit is the initial purchase payment. On the seventh contract anniversary and every seven years thereafter until the owner's (or, if applicable, annuitant's) 76th birthday (if joint owners, the 71st birthday of the eldest owner), the guaranteed minimum is recalculated and becomes the greater of the Contract value on the date of the recalculation or the guaranteed minimum applicable just before the recalculation. Between recalculations, adjustments are made for interim purchase payments and surrenders.

f. Surrenders. After a partial surrender, the remaining Contract value must be at least \$500 under an Old Contract and \$1,000 under a New Contract. Otherwise, except for a deduction for premium taxes under a New Contract, the surrender rights and privileges are the same under the Old and New Contracts.

g. Systematic Withdrawals. Prior to annuitization, the owner of an Old Contract may withdraw a specified portion of Contract value periodically. The New Contracts permit withdrawal of either a fixed dollar amount or the investment gain under the contract, provided the withdrawal is at least \$100.

6. Comparison of Contract Charges:

a. Administration Contract Charges. This fee is \$30 under the Old Contracts; under the New Contracts, the fee is the lesser of \$30 or 2% of the Contract value. Under the New Contracts, the fee is waived if Contract value is at least \$50,000 at year end or if Contract value was \$25,000 at the end of the prior year and purchase payments of at least \$1,000 (net of surrenders) were made during the year.

b. Asset-Based Charges. The aggregate asset-based charges under both contracts is 1.35% which is composed of (1) an administrative services charge of .40% under the Old Contracts and .10% under the New Contracts and (2) a mortality and expense risk charge under the Old Contracts of .95% and 1.25% under the New Contracts.

c. Transfer Charge. A \$10 charge is imposed under both Contracts on transfers in excess of 12 per year. The charge may be increased under the New Contracts and the number of free transfers may be reduced under both Contracts (to 4 under the Old Contracts and 0 under New Contracts).

d. Contingent Deferred Sales Charge. No sales charges are deducted from purchase payments under either the Old or New Contracts, but a contingent deferred sales charge ("CDSC") may apply to the following events (a) full or partial surrenders of Contract value, (b) the application of Contract exceeds to certain annuity options prior to the maturity date and, for new Contracts (c) the withdrawal of the commuted value of proceeds applied to an annuity option if no CDSC was deducted at annuitization and (d) in states where the maximum maturity age is less than 95, the maturity date, if a purchase payment was made less than seven years before the withdrawal.

Under the Old Contracts, a declining CDSC applies during the first ten Contract years, to withdrawals in excess of 10% of Contract value on the date of the first withdrawal in the Contract year. Under the New Contracts, a declining CDSC applies to the withdrawal of purchase payments invested less than seven years. There is a few withdrawal amount under the New Contracts equal to the greater of 10% of the Contract value at the beginning of the year, or the excess of Contract value over premiums subject to a CDSC on the withdrawal date. The CDSC under both the New and Old Contracts may not exceed 8% of the first \$50,000 of purchase payments and 6.5% of payments exceeding \$50,000.

CDSC UNDER THE OLD CONTRACTS

| Contract year | Percent of contract value withdrawn (after) 10% free amount (percent) |
|--------------------|---|
| 1 | 6.5 |
| 2 | 6.0 |
| 3 | 5.5 |
| 4 | 5.0 |
| 5 | 4.5 |
| 6 | 4.0 |
| 7 | 3.5 |
| 8 | 3.0 |
| 9 | 2.0 |
| 10 | 1.0 |
| 11 and after | 0 |

CDSC UNDER THE NEW CONTRACTS

| Years purchase payment has been invested | Charge as percentage of purchase payment (percent) |
|--|--|
| 1 | 7 |
| 2 | 6 |
| 3 | 5 |
| 4 | 4 |
| 5 | 3 |
| 6 | 2 |
| 7 | 1 |
| Thereafter | 0 |

7. The Exchange Offer:

a. Applicants propose to offer owners of Old Contracts the opportunity to exchange their contracts for New Contracts (the "Exchange Offer") by means of disclosure included in the prospectus for the New Contracts. The disclosure would note relevant differences between the Old and New Contracts and explain how the death benefit and CDSC would be calculated in New Contracts issued in exchange for Old Contracts. In particular, the disclosure will explain how an owner of an Old Contract contemplating an Exchange could minimize the applicable contingent deferred sales charge depending on whether the payment is made on or before the Exchange or after the Exchange is affected.

b. No purchase payment would be required in connection with an Exchange (except if necessary to meet the minimum initial premium requirement for the New Contracts). A pro rata portion of the annual administration contract charge would be deducted on the date the Exchange is

effected (the "Exchange Date") because Contract years will thereafter be based on the Exchange Date rather than the issue date of the Old Contract. However, no sales charge would be deducted in connection with an Exchange nor would commissions be paid to New England Securities or any of its registered representatives. Applicants state that they believe that an Exchange would not result in adverse tax consequences to owners of Old Contracts.

c. According to the Application, the Contract value ("Exchange Value") of the Old Contracts (together with any additional payments submitted with an application for the New Contract) on the Exchange Date would be applied to the New Contract as the Contract value as of the Exchange Date. If a charge was deducted under the Old Contract for premium taxes, Applicants represent that a credit will be applied to the New Contract on the Exchange Date in an amount calculated to offset the premium tax charge, if any, that would apply to the Exchanged Value upon annuitization, surrender or payment of the Death Proceeds under the New Contract.

d. If the Exchange Value is allocated among Eligible Funds not available under the New Contracts, the owner would be required to reallocate the Exchanged Value to available eligible funds. Applicants represent that any such reallocation would not be counted toward the 12 free transfers permitted in the first New Contract year.

e. The Exchange Date would be the issue date of the new Contract for purposes of determining contract years and anniversaries after the Exchange Date and the maturity date would be set at age 95 of the older of the contract owner or annuitant or the maximum age allowable by law. A new minimum death benefit would be calculated for the New Contract equal to the greater of purchase payments made on the Old Contract (adjusted for withdrawals) or the Exchange Value. The guaranteed minimum death benefit would be recalculated on each seven-year anniversary of the Exchange Date.

f. Withdrawals after the Exchange Date would be governed by the terms of the New Contract for purposes of calculating any CDSC. Accordingly, the Exchange Value would be treated as the oldest purchase payment and would be withdrawn first, after the free withdrawal amount was calculated. However, withdrawals of Exchange Value will be subject to the CDSC percentage applicable under the Old Contracts taking into account the number of years the Old Contract had

been in effect, rather than the CDSC under the New Contracts.

g. In most years the CDSC percentage under the Old Contracts will be slightly higher than for the New Contracts. Applicants submit that the sales charge schedule under the Old Contracts was designed to cover the costs associated with the original sale of those Contracts and, it is believed that, if the original sales schedule is not preserved for the Exchange Value, some owners might exchange contracts with the intent to then surrender the New Contract and incur a lower CDSC.

h. Because a CDSC is assessable under an Old Contract for the first ten contract years, the applicant of the Old Contract's CDSC schedule to the Exchange Value from an Old Contract outstanding less than three years would subject the Exchange Value to a CDSC for a longer period after the Exchange Date than a purchase payment made immediately after the Exchange Date. However, Applicants will waive any CDSC on Exchange Value that would otherwise be imposed more than seven years after the Exchange Date.¹

i. Applicants submit that the application of the original CDSC schedule of the Old Contract to any purchase payments submitted with the application for the New Contract is to the advantage of owners of Old Contracts outstanding more than three full contract years before the Exchange Date because the CDSC rate under the Old Contracts is in most cases less, and never more than, the CDSC rate applicable to purchase payments made immediately after the Exchange Date. Whether there is a benefit from the application of the original CDSC to the Exchange Value of Old Contracts held less than three years, depends on whether there is a surrender during the first seven years. During the first few years of the seven year period the applicable CDSC rate under the Old Contracts is slightly lower than under the New Contracts, but the reverse is true during the later years of the seven year period. Applicants believe that the treatment of additional purchase payments submitted with an exchange application as part of Exchange Value results in the fairest treatment for the broadest class of owners of Old Contracts and that the waiver of any applicable CDSC more than seven years after the Exchange Date will minimize any inequity to owners of contracts outstanding less than three years of the

Exchange Date. Also, Applicants undertake to include in the prospectus for the New Contracts, disclosure identifying the circumstances in which it would be advantageous or disadvantageous to submit a purchase payment with the application or immediately after the issuance of the New Contract.

Applicants' Legal Analysis

1. Section 11(a) of the 1940 Act provides in relevant part that it shall be unlawful for any registered open-end management investment company ("fund") or its principal underwriter to make an offer to a shareholder of that fund or of another fund to exchange his security for a security in the same or another fund on any basis other than the relative net asset values of the securities to be exchanged, unless the terms of the offer have first been submitted to and approved by the Commission or the offer complies with the Commission's rules. Section 11(c) provides that the provisions of subsection (a) apply, irrespective of the basis of exchange, to any offer of exchange of a security of a fund for the securities of a unit investment trust and to any type of offer of exchange of the securities of a registered unit investment trust for the securities of any other investment company. Therefore, prior Commission approval is required for exchange offers subject to Section 11(c) even if made on the basis of relative net asset values.

2. Rule 11a-2 under the 1940 Act, permits exchange offer without prior Commission approval by registered insurance company separate accounts and their principal underwriters to holders of variable contracts supported by separate accounts having the same or an affiliated insurance company depositor or sponsor provided, in essence, that the exchange is made on the basis of the relative net asset values of the securities to be exchanged (less administrative fees disclosed in the offering account's registration statement), and any sales loads imposed is calculated and deducted in accordance with the terms and conditions of Rule 11a-2. Paragraph (d)(1) of Rule 11a-2 provides that, where both the exchanged and acquired securities are subject to deferred sales loads, any deferred sales load imposed on the acquired security shall be calculated as if the holder of the acquired security had been the holder of that security from the date on which he became the holder of the exchanged security, and purchase payments made for the exchanged security had been made for the acquired security on the date on which they were made for the

exchanged security. Applicants state that Rule 11a-2(d)(1), on its face, appears to require that any CDSC deducted on a surrender made after the exchange be deducted in accordance with the CDSC schedule of the acquired contract.

3. No CDSC would be imposed at the time of the exchange of an Old Contract for a New Contract. However, on surrender of the New Contract, the Exchanged Value would be subject to the CDSC provided for by the Old Contract rather than the CDSC provided for in the New Contract. Taking into account the rate at which the CDSC declines under each Contract, the CDSC rate applied to Exchange Value withdrawn more than two years after the Old Contract was issued, would be higher under the Old Contract's CDSC schedule than under the New Contract's CDSC schedule for the same number of years of investment. Therefore, Applicants submit that the Exchange Offer does not appear to comply with the terms of Rule 11a-2 and prior approval of the Exchange Offer by the Commission, pursuant to Section 11(c) of the 1940 Act, is required.

4. According to Applicants, the public policy underlying Section 11 may be inferred from Section 1(b)(1) of the 1940 Act, which states that the national public interest and the interests of investors are adversely affected when, among other things, investors exchange securities issued by investment companies without adequate, accurate and explicit information, fairly presented, concerning the character of such securities and the circumstances, policies and financial responsibility of such companies and their management. Also, according to the legislative history of the 1940 Act, the purpose of Section 11(a) is to provide Commission review of the terms of certain exchange offers, to assure that an offer is not being proposed solely for the purpose of exacting additional selling charges and profits from investors by switching them from one security to another.

5. Applicants submit that the owners of the Old Contracts will receive adequate, accurate and explicit information, fairly presented, concerning the Exchange Offer in the prospectus for the New Contracts which will be given to any owner of an Old Contract considering the Exchange Offer.

6. Applicants assert that the Exchange Offer does not impose additional sales load but preserves the old sales charge schedule for Exchange Value. No sales charge would be deducted on the Exchange Date, and, for purposes of any CDSC applicable after the exchange,

¹ With respect to the CDSC waiver, Applicants state that they intend to rely on Rule 22d-1 under the 1940 Act and undertake to disclose the terms of the sales load variation in the prospectus for the New Contracts.

credit would be given for the time that the Old Contract was in effect.

7. Applicants submit that the history for Rule 11a-2 does not reflect any policy basis for the apparent requirement that the sales load schedule for the acquired security be applied to Contract values carried over from the exchanged security. Provisions of Rule 11a-2 relevant to exchanges of variable annuity contracts with front-end sales load structures effectively permit the deduction of an aggregate sales load based on the highest sales load rate applicable to either the exchanged security or acquired security.

Applicants submit that there is no policy reason for permitting the highest sales load rate to apply in the context of contracts with a front-end sales load structure, but not contracts with a deferred sales load structure. Further, Applicants note that Rule 11a-3, which applies to exchange offers involving mutual fund shares, prohibits the deduction of a deferred sales load on an exchanged security at the time of exchange, but permits the deduction of that sales load when the acquired security is redeemed, provided that, among other things, credit is given for the time the acquired security was held. Thus, Applicants state that Rule 11a-3 would permit the CDSC deductions as contemplated in the Exchange Offer and cite examples 4 and 5 in the appendix to the Commission release adopting Rule 11a-3 (Inv. Co. Act Rel. No. 17097) in support of their view. Applicants submit that there is no policy reason for applying different rules to mutual fund exchange offers than are applied to separate account exchange offers.

Applicants' Conclusion

For the reasons set forth above, Applicants submit that the Exchange Offer complies with the general principals of Section 11(a) and Rules 11a-2 and 11a-3 and does not present any of the abuses that Section 11 was intended to prevent. Accordingly, Applicants request approval pursuant to Section 11(c) of the 1940 Act to the extent necessary to permit the Exchange Offer to be made to owners of the Old Contracts as described above.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-31220 Filed 12-22-95; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 21606; 811-4649]

Shearson Lehman Series Fund

December 19, 1995.

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

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

APPLICANT: Shearson Lehman Series Fund.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on September 12, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on January 16, 1996 and should be accompanied by proof of service on the applicant, 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 a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicant, 388 Greenwich Street, New York, New York 10013.

FOR FURTHER INFORMATION CONTACT: Sarah A Buescher, Staff Attorney, at (202) 942-0573, or Alison E. Baur, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained or a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end management investment company organized as a Massachusetts business trust. Applicant has five portfolios: Money Market Portfolio, High Income Bond Portfolio, Government Securities Portfolio, Total Return Portfolio, and Appreciation Portfolio. On April 25, 1986, applicant filed a Notification of Registration on Form N-8A and a registration statement on Form N-1A

pursuant to section 8(b) of the Act and the Securities Act of 1933. The registration statement became effective on October 10, 1986, and the initial public offering commenced shortly thereafter.

2. On January 17, 1990, applicant's board of trustees approved a proposal (the "Plan") whereby applicant would be replaced with the IDS Life Series Fund, Inc. (the "Fund") as the investment vehicle for the single premium variable life insurance policies issued by IDS Life Insurance Company of New York and IDS Life Insurance Company. The Plan called for applicant's sole shareholder, IDS Life Variable Account for Shearson Lehman, to redeem all of its shares of applicant.¹

3. On December 28, 1990, applicant's sole shareholder redeemed its shares of applicant and applicant distributed to its shareholder applicant's assets in kind. The distribution had a net asset value of \$18,779,858. No redemption fee or sales charge was imposed in connection with the transaction. Applicant transferred all of its remaining assets and liabilities to the Fund.

4. In connection with its liquidation, applicant incurred minimal expenses, consisting of accounting, administrative, and legal expenses, all of which were paid by IDS Life Insurance Company of New York and IDS Life Insurance Company. At the time of its liquidation, applicant had amortized all but approximately \$46,155 of its organizational expenses. This amount was absorbed by Shearson Lehman Brothers Inc., applicant's sponsor.

5. As of the date of this application, applicant has no outstanding debts or liabilities. Applicant has no shareholders and is not a party to any litigation or administrative proceeding. Applicant is not presently engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

6. Applicant intends to file the appropriate notice of termination required to terminate its existence as a Massachusetts business trust.

¹ Applicant received an order under section 26(b) of the Act that approved the substitution of shares of the Fund for applicant's shares and under section 17(b) exempting applicant from section 17(a) for certain affiliated transactions between applicant and the Fund. See Investment Company Act Release Nos. 17892 (Nov. 30, 1990) (notice) and 17922 (Dec. 18, 1990) (order).