

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.

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23115; File No. 812-11000]

Transamerica Investors, Inc., et al.; Notice of Application

April 14, 1998.

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

ACTION: Notice of application for an order under Section 17(b) of the Investment Company Act of 1940 (the "1940 Act").

SUMMARY OF APPLICATION: Applicants seek an order to permit the Transamerica High-Yield Bond Fund separate account (the "Separate Account") of Transamerica Life Insurance and Annuity Company ("Transamerica Life"), to transfer its portfolio of assets to the Transamerica Premier High-Yield Bond Fund (the "Fund"), a series of Transamerica Investors, Inc. ("Transamerica Investors"), in exchange for shares of the Fund.

APPLICANTS: Transamerica Investors and Transamerica Life (collectively, the "Applicants").

FILING DATE: The application was filed on February 9, 1998.

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 Secretary of the SEC and serving the Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the SEC by 5:30 p.m. on May 11, 1998, and must be accompanied by proof of service on the Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request and the issues contested. Persons may request notification of a hearing by writing the Secretary of the SEC.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Applicants, c/o Reid A. Evers, Transamerica Investors, Inc., 1150 South Olive, Suite 2100, Los Angeles, California 90015.

FOR FURTHER INFORMATION CONTACT: Keith Carpenter, Senior Counsel, or Kevin M. Kirchoff, 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 SEC's Public Reference Branch, 450 5th Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicants' Representations

1. Transamerica Investors is registered under the 1940 Act as an open-end management investment company of the series type.

2. Transamerica Life is a life insurance company incorporated under the laws of North Carolina which is principally engaged in writing individual and group life insurance policies and annuity contracts. Transamerica Life is wholly owned by Transamerica Occidental Life Insurance Company, which is wholly owned by Transamerica Insurance Corporation of California, which is wholly owned by Transamerica Corporation.

3. The Separate Account is a segregated asset account of Transamerica Life to which assets are allocated to support benefits payable under certain group annuity contracts issued by Transamerica Life (the "Separate Account Contracts"). The Separate Account is excepted from the definition of investment company pursuant to Section 3(c)(11) of the 1940 Act and interests in the Separate Account are exempt securities pursuant to Section 3(a)(2) of the Securities Act of 1933. The owners of Separate Account Contracts (the "Separate Account Contractholders") own the Separate Account Contracts as funding vehicles for employee benefit plans. The Separate Account consists of a single portfolio of assets. The investment objective of the Separate Account is to seek to achieve a high total return (income plus capital changes) from high yield fixed income securities.

4. Transamerica Investment Services, Inc. (the "Adviser") serves as the investment adviser to Transamerica Investors and is a wholly-owned subsidiary of Transamerica Corporation. The Adviser also serves as an

investment adviser to the Separate Account.

5. The Fund is being added as a new series to Transamerica Investors. Because the investment objectives, policies and restrictions of the Fund would mirror those of the Separate Account, the assets of the Separate Account will, if the exemptive relief sought in the application is granted, be transferred to the Fund (the "Proposed Transfer") in exchange for institutional class shares of the Fund. The Separate Account would, in effect, be converted to a unit investment trust-type separate investment account that would invest in a corresponding series of Transamerica Investors.

6. On the effective date of the Proposed Transfer, Transamerica Life, on behalf of the Separate Account, would transfer the portfolio of assets of the Separate Account in exchange for institutional class shares of the Fund. Transamerica Life would record shares issued by the Fund as assets of the Separate Account. The Proposed Transfer would be carried out in compliance with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder. The value of the net assets of the Separate Account would be determined as of the business day immediately preceding the effective date of the Proposed Transfer. The number of shares of the Fund to be issued to the Separate Account would be determined by dividing the value of the net assets to be transferred from the Separate Account by the current per share value of the Fund's shares. Accordingly, the interests of the Separate Account Contractholders in the Fund immediately following the Proposed Transfer would be equivalent to their interests in the assets of the Separate Account immediately prior to the Proposed Transfer.

Applicants' Legal Analysis

1. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or an affiliated person of an affiliated person, from selling any security or other property to a registered investment company. Section 17(a)(2) of the 1940 Act prohibits any of the persons described above from purchasing any security or other property from a registered investment company.

2. Each Applicant may be deemed to be an affiliated person of the other Applicant or an affiliated person of an affiliated person of the other Applicant under Section 2(a)(3) of the 1940 Act, and the Proposed Transfer may require an exemption from Section 17(a) of the

1940 Act pursuant to Section 17(b) of the 1940 Act.

3. Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting a transaction prohibited by Section 17(a) of that Act upon application if evidence establishes that: (a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement or reports filed under the 1940 Act; and (c) the proposed transaction is consistent with the general purposes of the 1940 Act.

4. Applicants represent that the terms of the Proposed Transfer, as described in the application, are reasonable and fair (including the consideration to be paid and received), do not involve overreaching, are consistent with the investment policies of the Fund, and are consistent with the general purposes of the 1940 Act.

5. Applicants believe that the Proposed Transfer would benefit the Fund in several ways. Usually, when a new series of an investment company is established, expenses remain relatively high and investments are limited until the asset size of the new series reaches a high enough level to support expenses and permit the necessary latitude in investment discretion. The Proposed Transfer of all of the assets of the Separate Account (valued at approximately \$68 million as of December 31, 1997) to the Fund would avoid these problems. The Proposed Transfer would be effected in conformity with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder. Therefore, after the Proposed Transfer, the Separate Account Contractholders would have interests that, in practical economic terms, do not differ in any measurable way from such interests immediately prior to the Proposed Transfer. The Proposed Transfer would not require liquidation of any assets of the Separate Account or Transamerica Investors because the transfer would take the form of an exchange of portfolio securities of the Separate Account for shares of the Fund. Because the investment policies and restrictions under the Separate Account are in substance identical prior to and following the Proposed Transfer, the only sales of the Separate Account assets following the Proposed Transfer would be those arising in the ordinary course of business. Therefore, neither the Separate Account nor Transamerica

Investors will incur any extraordinary costs, such as brokerage commissions, in effecting the transfer of assets, as would be the case if the Separate Account were required to liquidate its portfolio in order to purchase shares of the Fund, and the Fund, in turn, were to use such purchase proceeds for investment in portfolio securities. Moreover, the Separate Account might be forced to sustain losses caused by the untimely sale of one or more of its portfolio securities. On the basis of the foregoing, the Applicants submit that the terms of the Proposed Transfer are reasonable and fair and do not involve overreaching, and that there is no inadequacy of consideration to be received by any party to the transaction.

6. The investment objective of the Fund, the shares of which would be issued to the Separate Account in exchange for assets of the Separate Account, would be, in substance, identical to the investment objectives of the Separate Account immediately preceding the Proposed Transfer. Accordingly, the transfer of the assets of the Separate Account to the Fund, which assets have been purchased under the investment objectives, policies and restrictions identical to those of the Fund, would be consistent with the objectives and policies of the Fund.

7. Applicants submit that the Proposed Transfer would be consistent with the general purposes of the 1940 Act by avoiding the possibility that the Fund or the Separate Account would incur unnecessary expenses or losses in connection with the Proposed Transfer.

Conclusion

Applicants, for the reasons summarized above, represent that the terms of the Proposed Transfer meet all of the requirements of Section 17(b) of the 1940 Act and that an Order should be granted exempting the Proposed Transfer from the provisions of Section 17(a), to the extent requested.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39861; SR-DTC-97-21]

Self-Regulatory Organizations; the Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to Modification of Processing Bankers' Acceptances

April 14, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 14, 1997, the Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission"), and on November 6, 1997, and February 23, 1998, amended the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments from interested persons on the proposed rule change.

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

The proposed rule change will modify DTC's plan for processing bankers' acceptances ("BAs") to provide for fungibility of an accepting bank's issues that are issued at a discount and that mature on the same day.

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

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

In 1994, the Commission approved an expansion of DTC's money market instruments ("MMI") settlement program to include, among other things, BAs,³ which allowed DTC to process

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by DTC.

³ Securities Exchange Act Release Nos. 33958 (April 22, 1994); 59 FR 22879 (order approving proposal on temporary basis); and 35655 (April 28,