which default shall constitute a failure to pay * * * any interest or additional amounts on such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto.

See 1996 Indenture, § 501(5). Thus, the Applicant is in default under both of its Indentures.

4. On May 25, 1999, the Applicant obtained from a Mexican court a declaration of suspension of payments (''Suspension of Payments''). Suspension of Payments is a form of protection from creditors under Mexican law afforded to a company to enable it to (i) seek a restructuring agreement with its creditors (ii) continue the operation of its business, and (iii) prevent liquidation. A description of certain effects of the Suspension of Payments is contained in the Applicant's form 20–F for the fiscal year ended December 31, 1998.

5. The Application asserts that had the 1997 Indenture simply contained a descriptive reference to the 1996 Indenture, no conflict of interest would be deemed to exist under Section 310(b)(1)(i) of the Act, and the Application would not be required. Section 310(b)(i) exempts an indenture from the provisions of Section 310(b) ''if the indenture to be qualified and any such other indenture * * * or indentures * * * are wholly unsecured and rank equally and such other indenture or indentures * * * *are specifically described in the indenture to be qualified or are thereafter qualified*.'' The Section 310(b)(1) issue arises only because the 1997 Indenture does not refer to the 1996 Indenture. The Application asserts that this technical omission does not create a risk of material conflict between the two Indentures where none otherwise exists.

6. The Application asserts that because all of the Notes rank equally with one another in right of payment and are wholly unsecured, it is highly unlikely that Norwest would ever be subject to a conflict of interest with respect to issues relating to the priority of payment. Norwest would neither be in a position to, nor be required by the terms of either Indenture to, assert that the Notes outstanding under one Indenture are entitled to payment prior to payment of claims under the other Indenture.

7. Further, both Indentures contain almost identical default and remedy provisions *See* 1996 Indenture, § 501 *et. seq.*, 1997 Indenture, § 501 *et seq.* The Application asserts that due to the similarity of these provisions (including the cross-default provisions), it is unlikely as a practical matter that Norwest would find itself in a position of proceeding against the Applicant for a default under one Indenture, but not the other Indenture.

8. The Application also asserts that it is in the best interest of the Applicant and the holders of the Notes that Norwest serve simultaneously under both Indentures. Given the existence of a default, Chase was required to resign as trustee under both Indentures due to Chase's concurrent status as a creditor of the Applicant. By succeeding to Chase as trustee under both Indentures, rather than just one, Norwest relieved Chase of an actual conflict and prevented the risk of an ''orphan indenture'' where the predecessor trustee has submitted its resignation but no successor has been appointed. Norwest is not a creditor of the Applicant and has no business relationship with the Applicant other than under the Indentures. Norwest's dual trusteeship also will allow the Applicant to avoid the significant duplicative costs associated with having two separate trustees and their separate professionals review, understand, and administer two similar Indentures, and interact with the Applicant and other parties in interest as the Applicant works to address its present financial circumstances.

Apart from granting relief under Section 301(b)(1)(ii) of the Act, the Commission may invoke its power to exempt Norwest under Section 304(d). On application by any interested person, Section 304(d) empowers the Commission to ''exempt conditionally or unconditionally any person, registration statement, indenture, security or transaction * * * from any one or more of the provisions of this title, if and to the extent that such exemption is necessary or appropriate in the *public interest* and consistent with the *protection of investors* and purposes fairly intended by this title.'' Section 304(d) (emphasis supplied).

The Applicant waives notice and hearing with respect to the Application.

For a more detailed account of the matters of fact and law asserted, all persons are referred to said Application, which is a public document (File Number 22–28212) on file in the offices of the Commission at the Public Reference Section, 450 Fifth Street, NW, Washington, DC.

Notice is hereby given that any interested person may, not later than November 8, 1999, request in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of law or fact raised by such Application which he desires to controvert, or he may request that he be notified if the Commission would order a hearing thereon. Any such request should be addressed: Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, Washington, DC 20549–0609. At any time after said date, the Commission may issue an order granting the Application, upon such terms and conditions as the Commission may deem necessary or appropriate in the public interest or for the protection of investors, unless a hearing is ordered by the Commission.

For the Commission, by the Division of Corporation Finance, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–27712 Filed 10–22–99; 8:45 am]

BILLING CODE 8010–61–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–24088; File No. 821–11380]

Great-West Life & Annuity Insurance Company, et al.; Notice of Application

October 18, 1999.

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

ACTION: Noice of Application for approval under Section 26(b) of the Investment Company Act of 1940, as amended (the ''1940 Act'').

SUMMARY OF APPLICATION: Applicants seek an order approving the substitution of shares of the Maxim INVESCO Balanced Portfolio of the Maxim Series Fund for shares of the Fidelity VIP II Asset Manager Portfolio of the Fidelity Variable Insurance Products Fund II, and the substitution of shares of Maxim Stock Index Portfolio of the Maxim Series Fund for shares of the American Century VP Capital Appreciation Portfolio of American Century Variable Portfolios, Inc.

APPLICANTS: Great-West Life & Annuity Insurance Company (''GWL&A''), FutureFunds Series Account of GWL&A (the ''FutureFunds Account'') and Maxim Series Account of GWL&A (the ''Maxim Account'') (together, with the FutureFunds Account, the ''Separate Accounts'') and BenefitCorp Equities, Inc. (''BCE'') (hereinafter all parties are collectively referred to as the ''Applicants'').

FILING DATE: The application was filed on October 29, 1998, and amended and restated on April 14, 1999, and July 15, 1999.

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 Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 12, 1999, 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 Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609. Applicants, c/o Jorden Burt Boros Cicchetti Berenson & Johnson, LLP, 1025 Thomas Jefferson Street, NW, Suite 400 East, Washington, DC 20007–0805; Attention: Christopher Menconi, Esq.

FOR FURTHER INFORMATION CONTACT: Michael Pappas, Senior Counsel, or Susan Olson, 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 Commission, 450 Fifth St. NW, Washington, DC 20549–0102 (tel. (202) 942–8090).

Applicant's Representations

1. GWL&A is a stock life insurance company organized under the laws of the State of Colorado. GWL&A is wholly owned by The Great-West Life Assurance Company, which is a subsidiary of Great-West Lifeco, Inc., an insurance holding company ultimately controlled by Power Corporation of Canada. GWL&A is principally engaged in offering life insurance, annuity contracts, and accident and health insurance and is admitted to do business in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam and in all states of the United States, except New York.

2. The FutureFunds Account is a distinct investment account of GWL&A which acts as a funding vehicle for certain group variable flexible premium deferred annuity contracts (the ''FutureFunds Contracts'') designed and offered to provide retirement programs that qualify for special federal income tax treatment for employees of certain organizations. The FutureFunds Account is a unit investment trust (''UIT'') and has filed a registration statement on Form N–4 (Registration No 2–89550), as amended) for the purpose of registering the FutureFunds Account under the 1940 Act and the FutureFunds Contracts as securities under the Securities Act of 1933, as amended (the ''1933 Act'').

3. The FutureFunds Contracts have twenty-eight investment divisions available for allocations of contributions, each of which invest exclusively in one of the corresponding portfolios of six open-end management investment companies. Twenty-three of the investment divisions invest solely in corresponding portfolios of Maxim Series fund, Inc. (''Maxim Series Fund''); one other investment division invests solely in a corresponding portfolio of American Century Variable Portfolios, Inc. (''American Century''); two other investment divisions invest solely in corresponding portfolios of Fidelity Variable Insurance Products Fund and Fidelity Variable Insurance Products Fund II; one other investment division invests solely in a corresponding portfolio of Janus Aspen Series; and one other investment division invests solely in a corresponding portfolio of the Stein Roe Variable Investment Trust.

4. The assets of the FutureFunds Account are kept separate from the other assets of GWL&A. The income, gains, and losses of the FutureFunds Account, whether or not realized, are credited to or charged against the FutureFunds Account without regard to other income, gains, or losses of any other separate account or arising out of any other business GWL&A may conduct.

5. The Maxim Account is a distinct investment account of GWL&A which acts as a funding vehicle for certain flexible premium variable deferred annuity contracts (the ''Maxim Contracts''). Currently there are four different Maxim Contracts issued under the Maxim Account. Only two Maxim Contracts, however, are subject to this Application. Of these two Maxim Contracts, one is no longer sold, has less than 5,000 participants, and no longer files post-effective amendments in reliance upon certain precedent (hereinafter the ''MSA–2 Contract''). The MSA–2 Contract has only five investment divisions, each of which invests exclusively in one of the corresponding portfolios of two open-end management investment companies. The other Maxim Contract at issue is the Maximum Value Plan (the ''MVP Contract''). The MVP Contract has twenty-two investment divisions, each of which invests exclusively in one of the corresponding portfolios of two open-end management investment companies.

6. The Maxim Account is a UIT and has filed a registration statement on Form N–4 (Registration Nos. 811–3249 and 2–73879 for the MSA–2 Contract and 33–82610 for the MVP Contract) for the purpose of registering the Maxim Account under the 1940 Act and the Maxim Contracts as securities under the 1933 Act. The assets of the Maxim Account are kept separate from the other assets of GWL&A. The income, gains, and losses of the Maxim Account, whether or not realized, are credited to or charged against the Maxim Account without regard to other income, gains, or losses of any other separate account or arising out of any other business GWL&A may conduct.

7. With respect to the MSA–2 Contract, four of the available investment divisions invest solely in corresponding portfolios of Maxim Series Fund and the remaining investment division invests in a corresponding portfolio of American Century. In the MVP Contract, twenty-one of the available investment divisions invest solely in corresponding portfolios of Maxim Series Fund and the remaining investment division invests solely in a corresponding portfolio of American Century.

8. BCE is registered with the Commission under the Securities Exchange Act of 1934, as amended, as a broker/dealer and is a member of the National Association of Securities Dealers, Inc. BCE is the principal underwriter and distributor of the FutureFunds Contracts and the MVP Contracts. The MSA–2 Contracts are no longer sold and there is no need for an underwriter. The Maxim Contracts and the FutureFunds Contracts may collectively be referred to, where appropriate, as the ''Contracts.''

9. Of the underlying investment companies, only Maxim Series Fund is affiliated with GWL&A or the Separate Accounts. The investment adviser for Maxim Series Fund is GW Capital Management, Inc., which is also affiliated with GWL&A, the Separate Accounts, and BCE. No other underlying investment company or portfolio used in connection with the Contracts or investment adviser or underwriter for those underlying investment companies and portfolios is affiliated with GWL&A, the Separate Accounts, or BCE.

10. The FutureFunds Contracts may be issued in connection with contributions made by the following organizations: (1) Employers or employee organizations (such as non-profit entities defined in Section 501(c)

of the Internal Revenue Code of 1986, as amended, (the ''Code'') and governmental entities defined in Section 414(d)) to purchase annuities for their employees under pension or profit sharing plans described in Section 401(a) of the Code; (2) employers or employee organizations to purchase annuities for their employees under cash or deferred profit-sharing plans described in Section 401(k) of the Code, and state educational organizations and certain tax-exempt organizations to purchase annuities for their employees under Section 403(b) of the Code; and (3) certain state and local governmental entities and, for years beginning after 1986, other tax-exempt organizations to purchase annuities for their employees under deferred compensation plans described in Section 457 of the Code.

11. The MVP Contracts are flexible premium annuity contracts which may be issued under retirement plans which qualify for federal tax benefits under Sections 401 and 408 of the Code as individual retirement accounts and under other retirement plans which do not qualify under the Code. The MSA–2 Contracts are no longer sold.

12. The FutureFunds Contracts have no front-end sales load. The FutureFunds Contracts have a maximum contingent deferred sales charge of 6% that applies to surrenders or partial withdrawals during the first 72 months after a contribution. The Maxim Contracts do not have front-end sales loads. The MVP Contracts have a maximum contingent deferred sales charge of 7% that applies to surrenders of partial withdrawals within the first seven contract years. The MSA–2 Contracts had a flat contingent deferred sales charge of 5% that applied to surrenders or withdrawals in the first five contract years after contribution. The FutureFunds Contracts have an annual contract fee of $30.00. This charge may vary by group policyholder. The MVP Contracts have an annual contract fee of $27.00 and the MSA–2 Contracts have an annual contract fee of $35.00. These charges will not be affected by the proposed substitution.

13. There are no transfer charges for transfers among investment divisions offered in any of the Contracts and there are no limits on the number of transfers a Contract owner/participant can make.

14. All of the Contracts expressly reserve GWL&A's right, both on its own behalf and on behalf of the Separate Accounts, to eliminate investment divisions, combine two or more investment divisions, or substitute one or more underlying portfolios for others in which its investment divisions are invested or for a new underlying portfolio.

15. GWL&A, on its own behalf and on behalf of the Separate Accounts, proposes to exercise its contractual right to eliminate the American Century VP Capital Appreciation Portfolio (the ''Capital Appreciation Portfolio'') as a funding option under all the Contracts. GWL&A also proposes, on its behalf and on behalf of the FutureFunds account, to exercise its contractual right to eliminate the Fidelity VIP II Asset Manager Portfolio (the ''Asset Manager Portfolio'') as a funding option under the FutureFunds Contracts. Collectively, the portfolios being eliminated will hereinafter be referred to as the ''Eliminated Portfolios.'' In all Contracts, GWL&A proposes to substitute shares of the Maxim Stock Index Portfolio (''Stock index Portfolio''), an existing investment option under the Contracts, for shares of the Capital Appreciation Portfolio. In the FutureFunds Contract, GWL&A also proposes to substitute shares of Maxim INVESCO Balanced Portfolio (''Balanced Portfolio'' or ''Maxim Balanced Portfolio''), an existing investment option, for the Asset Manager Portfolio.

16. When discussed separately or together, the transaction will be referred to as the ''Substitution.'' Applicants believe the Substitution will benefit the Contract owners/participants by eliminating portfolios which, in Applicants' view, have had poor historical performance returns and replacing them with portfolios having comparable investment objectives and policies and better historical performance returns, and which Applicants believe are more likely to provide Contract owners/participants with favorable investment performance in the future.

17. The Substitution would result in a reduction in variable investment options and corresponding portfolios available under all Contracts. The number of investment divisions in the FutureFunds Contracts would be reduced from twenty-eight to twenty-six; the number of investment divisions in the MVP Contracts would be reduced from twenty-two to twenty-one; and the number of investment divisions in the MSA–2 Contracts would be reduced from five to four.

18. Applicants represent that each replacement portfolio was the most comparable to the corresponding eliminated Portfolio as compared to all other portfolios available under the affected Contracts in that the replacement portfolios have the investment objectives and policies that are similar to, and consistent with, those of the eliminated Portfolios.

19. The Capital Appreciation Portfolio's investment objective is to seek capital growth by investing in common stocks that, in the opinion of American Century's management, will increase in value over time. The Stock Index Portfolio's investment objective is to provide investment results, before fees, that correspond to the total return of the S&P 500 Index and the S&P Mid-Cap Index, weighted according to their respective pro-rata shares of the market. Applicants assert that, after the Substitution, Contract owners/participants who have allocated value to an investment division which invests in the Capital Appreciation Portfolio will continue to have their value allocated to an investment division which invests in an underlying portfolio that seeks capital growth primarily through investments in common stocks. Applicants point out that under the MSA–2 Contracts there is no other underlying portfolio whose investment objective requires that it invest primarily in common stocks.

20. Applicants represent that the Stock Index Portfolio has substantially outperformed the Capital Appreciation Portfolio while assessing lower overall fees. The total expenses of the Stock Index Portfolio currently are .60%, which is below the 1.00% total expenses of the Capital Appreciation Portfolio. The average annual total returns for the one year, three year, five year, ten year, and since inception periods ending December 31, 1998, for the Stock Index Portfolio were: 26.79%, 26.86%, 22.62%, 16.37% and 15.55% respectively, compared to the Capital Appreciation Portfolio which had returns of (2.15)%, (3.24)%, 3.25%, 8.70% and 8.24% for the same periods.[1]

21. Applicants represent that they have considered the fact that, with respect to the MSA–2 Contracts, the proposed substitution would reduce the number of available variable investment options from five to four, and that a previous substitution effected in 1998 had reduced those options from seven to five. Applicants do not believe MSA–2 Contact owners benefit merely from having an additional investment option which has historically provided them with poor performance and have made a determination that MSA–2 Contract owners will be better off without this option. Applicants believe that the remaining four investment alternatives

[1] The Stock Index Portfolio commenced operations on July 1, 1982. The Capital Appreciation Portfolio commenced operations on November 20, 1987.

provide a sufficient range of choices along with sufficient diversification. Applicants believe, therefore, that the proposed substitution will be in the best interest of MSA–2 contract owners and is otherwise consistent with the standards for the granting of an order under Section 26(b).

22. The Asset Manager Portfolio's investment objective is to seek high total return with reduced risk over the long-term by allocating its assets among stocks, bonds, and short-term debt instruments. The Balanced Portfolio invests in a combination of common stocks and fixed income securities and seeks, as its investment objective, to achieve high total return on investment through capital appreciation and current income. Applicants have concluded that the Balanced Portfolio offers Contract owners/participants an underlying portfolio with investment objectives and policies that are the most comparable to those of the Eliminated Portfolio as compared with all other underlying portfolios available under the affected Contracts.

23. Applicants represent that the total expenses of the Balanced Portfolio are 1.00%, while the total expenses of the Asset Manager Portfolio are .65%. Applicants represent that, notwithstanding its higher fees, the Balanced Portfolio presents a better investment option for Contract owners/participants than the Asset Manager Portfolio based on the similarity of investment objectives and policies, comparative performance information, and other data. Applicants state that they carefully examined certain data in considering whether to replace the Asset Manager Portfolio with the Balanced Portfolio, including the performance history of the portfolios, as well as the performance of a similar fund and other information they deemed relevant.

24. GWL&A states that it has been concerned with the relatively poor performance of the Asset Manager Portfolio. Prior to the inception of the Balanced Portfolio in October 1996, however, there was no other (and there continues to be no other) underlying portfolio available under the affected Contracts whose principal investment strategy requires that it invest in a mix of debt and equity securities. For the periods for which the Balanced Portfolio and the Eliminated Portfolio both have standardized performance returns, namely average annual total returns for the one year period ended December 31, 1998, and the period from October 1, 1996 to December 31, 1998, the Balanced Portfolio outperformed the Eliminated Portfolio by over 3% and over 4%, respectively. Applicants state that the performance history of the Balanced Portfolio is somewhat limited, however, they state that the performance history of the INVESCO Balanced Portfolio, after which the Maxim Balanced Portfolio was modeled, has additional performance history. The Maxim Balanced Portfolio and the INVESCO Balanced Portfolio have the same investment objective, principal investment strategy, investment adviser (or sub-adviser, as applicable), and portfolio manager and, therefore, Applicants argue it was appropriate to consider its performance. The average annual total returns for the one year, three year, five year, and since inception periods ending December 31, 1998 were: Maxim Balanced Portfolio—18.42%, N/A, N/A, 22.85%; and Asset Manager Portfolio—15.05%, 16.74%, 11.81%, 12.98%.[2] The total returns for the INVESCO Balanced Portfolio for all of the preceding periods were higher than the total returns for the Asset Manager Portfolio during the same periods. For the period October 1, 1996 (commencement of the Maxim Balanced Portfolio) to December 31, 1998, the average annual total return for the Maxim Balanced Portfolio was 22.85% as compared with 18.77% for the eliminated portfolio.

25. Based on the other information reviewed by Applicants, Applicants also concluded that the Substituted Portfolio will not represent an unreasonable risk to investors.

26. As of December 31, 1998, the Maxim Balanced Portfolio had total assets of $152.83 million and the Asset Manager Portfolio had total assets of approximately $4,793 million. Applicants represent that the smaller asset base of the Maxim Balanced Portfolio as compared with the Asset Manager Portfolio will not disadvantage affected Contract owners/participants. First, the Maxim Balanced Portfolio assesses an all-inclusive annual fee of 1.00% under its advisory agreement and, therefore, the expense ratio cannot be affected by the size of the asset base. Moreover, Applicants represent that the Maxim Balanced Portfolio is sufficiently large so as to be capable of being managed efficiently and effectively in accordance with its investment objectives and policies. Additionally, if the proposed substitution is carried out, an additional $31.29 million (as of December 31, 1998) would be added to the Maxim Balanced Portfolio's asset base.

27. In sum, based on comparative investment objectives and policies, historical performance information, and other factors deemed relevant by Applicants, the Applicants believe that the Maxim Balanced Portfolio will provide Contract owners/participants with an investment option that (1) has a proven track record of outperforming the Eliminated Portfolio, (2) has investment objectives and policies which are comparable to the Eliminated Portfolio, and (3) is not believed to expose Contract owners/participants to a materially greater risk than is presented by the Eliminated Portfolio.

28. GWL&A will schedule the Substitution to occur on a date as soon as practicable following the issuance of an order by the Commission granting the relief requested in the Application (the ''Automatic Selection Date''). By way of sticker, the FutureFunds Contract and MVP Contract prospectuses have disclosed the proposed Substitution for several months. The stickers also disclose that the investment divisions relating to the Eliminated Portfolios will not accept additional contributions (*i.e.*, new money or transfers) on or after February 5, 1999, and that FutureFunds Contract and MVP Contract values allocated to the Eliminated Portfolios can be transferred without assessment of any charges at any time prior to the Automatic Selection Date. Notifications similar to the stickers were mailed to all current Contract owners/participants shortly after the initial filing of the Application. MSA–2 Contract owners also were mailed a similar notification of the proposed Substitution and the Automatic Selection Date. After the order is issued, a second notification will be provided to all Contract owners/participants who have amounts allocated to the Eliminated Portfolios, again advising them of the pending Substitution and of their ability to transfer free of charge to the remaining investment division(s) of their choice (or remain in the Eliminated Portfolios until the automatic substitution on the Automatic Selection Date).

29. Affected Contract owners/participants also will receive confirmation of the Substitution transaction that will be mailed within five days of the Automatic Selection Date. The confirmation will contain a reminder that the Contract owners/participants may effect transfers from the investment divisions corresponding to the Stock Index Portfolio or Balanced Portfolio, as applicable, to any other

[2] The Maxim Balanced Portfolio commenced operations on October 1, 1996; the INVESCO Balanced Portfolio commenced operations in December 1993; the Asset Manager Portfolio commenced operations in September 1989.

investment division without incurring any charges.

30. Applicants argue that the Substitution provides Contract owners/participants investment divisions which are currently available under the respective Contracts, and which are sufficiently similar so as to continue to fulfill the Contract owners/participants' objectives and risk expectations. If a Contract owner/participant with current allocations in the Eliminated Portfolios determines that another investment option is more appropriate for his or her needs, he or she may always transfer his or her assets to any remaining investment division available under the respective Contracts without incurring any charges.

31. Applicants represent that the proposed Substitution will be effected by redeeming shares of the Eliminated Portfolios on the Automatic Selection Date at net asset value and using the proceeds to purchase shares of the Stock Index Portfolio and/or the Balanced Portfolio, as applicable, at net asset value on the same date. Contract owners/participants will not incur any fees or charges as a result of the transfer of account values from the Eliminated Portfolios. All contract values will remain unchanged and fully invested. The Substitution will not increase Contract or Separate Account fees and charges after the Substitution and will not alter Contract owners/participants' rights and GWL&A's obligations under the Contracts. In addition, Applicants represent that, as of the date of filing the second amended Application, the Substitution will not result in any adverse federal income tax consequences for Contract owners/participants. Following the Substitution, the investment divisions which invest in the Eliminated Portfolios will be terminated.

Applicant's Legal Analysis and Conditions

1. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the substitutions of securities. Section 26(b) of the 1940 Act makes it unlawful for any depositor or trustee of a registered UIT holding the security of a single issuer to substitute another security for such security unless the Commission approves the substitution. The Commission will issue an order approving such a substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

2. Applicants represent that the purposes, terms, and conditions of the Substitution are consistent with the protection for which Section 26(b) was designed and will not result in any of the harms which Section 26(b) was designed to prevent. Applicants believe the substitution will benefit Contract owners/participants by eliminating portfolios with below average historical returns and replacing them with portfolios that have demonstrated superior performance histories.

3. Any Contract owner/participant who does not want his or her assets allocated to the Stock Index Portfolio or the Balanced Portfolio, as applicable, would be able to transfer assets to any one of the other investment divisions available under their respective Contracts without charge. Such transfers could be made prior to or after the Automatic Selection Date.

4. The Substitution will be effected at net asset value in conformity with Section 22 of the 1940 Act and Rule 22c–1 thereunder. Contract owners/participants will not incur any fees or charges as a result of the transfer of account values from any investment division. There will be no increase in the Contract or Separate Account fees and charges after the Substitution. All Contract values will remain unchanged and fully invested. In addition, Applicants represent that, as of the date of filing the second amended Application, the Substitution will not result in any adverse federal income tax consequences for Contract owners/participants.

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the Substitution should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–27713 Filed 10–22–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–24089; File No. 812–11722]

SEI Insurance Products Trust, et al.; Notice of Application

October 18, 1999.

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

ACTION: Notice of application for an order under Section 6(c) of the Investment Company Act of 1940 (''1940 Act'') granting exemptive relief from Sections 9(a), 13(a), 15(a) and 15(b) of the Act and Rules 6e–2(b)(15) and 6e-3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek exemptive relief to the extent necessary to permit shares of the SEI Insurance Products Trust (the ''Trust'') and shares of any other investment company or portfolio that is designed to fund insurance products and for which SEI Investments Management Corporation (''SIMC''), or any of its affiliates, may serve in the future, as investment adviser, administrator, manager, principal underwriter, or sponsor (''Future Trusts'', together with Trust, ''Trust'') to be sold to and held by (i) separate accounts funding variable annuity and variable life insurance contracts issued by both affiliated and unaffiliated life insurance companies, (ii) qualified pension and retirement plans outside of the separate account context, (iii) separate accounts that are not registered as investment companies under the 1940 Act pursuant to exemptions from registration under Section 3(c) of the 1940 Act, and (iv) SIMC or any of its affiliates (representing seed money in any of the Trusts).

APPLICANTS: The Trust and SIMC.

FILING DATE: The application was filed on July 26, 1999, and amended and restated on October 7, 1999. Applicants represent that they will file an amended and restated application during the notice period to conform to the representations set forth herein.

HEARING OF NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request hearing by writing to the Secretary of the Commission and serving Applicants with copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on November 12, 1999, and must 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 may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609. Applicants c/o Todd B. Cipperman, Esq., SEI Investments Management Corporation, Oaks, Pennsylvania 19546.

FOR FURTHER INFORMATION CONTACT: Keith E. Carpenter, Senior Counsel, or Kevin M. Kirchoff, Branch Chief, Office