

DATE: Weeks of November 8, 15, 22, and 29, 1999.

PLACE: Commissioners' Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public and Closed.

MATTERS TO BE CONSIDERED:

Week of November 8

Monday, November 8

1:30 p.m. Briefing on Integrated Review of Decommissioning Requirements (Public Meeting) (Contact: Stuart Richards, 301-415-1395)

Tuesday, November 9

9:00 a.m. Meeting on NRC Interactions with Stakeholders on Nuclear Materials and Waste Activities (Public Meeting). Place: NRC Auditorium, Two White Flint North

2:00 p.m. Discussion of Management Issues (Closed—Ex. 2 & 6)

Wednesday, November 10

9:25 a.m. Affirmation Session (Public Meeting) (if needed)

9:30 a.m. Briefing on Draft Maintenance Regulatory Guide (Public Meeting) (Contact: Richard Correia, 301-415-1009)

Week of November 15—Intensive

Friday, November 19

9:25 a.m. Affirmation Session (Public Meeting) (if needed)

Week of November 22—Tentative

Wednesday, November 24

9:25 a.m. Affirmation Session (Public Meeting) (if needed)

Week of November 29—Tentative

There are no meetings scheduled for the Week of November 29

* The Schedule for Commission Meetings Is Subject to Change on Short Notice. To Verify the Status of Meetings Call (Recording)—(301)415-1291. Contact Person for More Information: Bill Hill (301) 415-1661.

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<http://www.nrc.gov/SECY/smj/schedule.htm>

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The notice is distributed by mail to several hundred subscribers; if you no longer wish to receive it, or would like to be added to it, please contact the Office of the Secretary, Attn: Operations Branch, Washington, D.C. 20555 (301-415-1661). In addition, distribution of this meeting notice over the Internet system is available. If you are interested in receiving this Commission meeting schedule electronically, please send an electronic message to wmmh@nrc.gov or dkw@nrc.gov.

William M. Hill, Jr.,

Secy., Tracking Officer, Office of the Secretary, 11/05/99.

[FR Doc. 99-29573 Filed 11-8-99; 2:14 pm]

BILLING CODE 7590-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24122; File No. 812-11744]

Hartford Life Insurance Company, et al.

November 3, 1999.

AGENCY: The Securities Exchange Commission ("SEC" or "Commission").

ACTION: Notice of application for an order pursuant to Section 26(b) of the Investment Company Act of 1940 (the "Act") approving certain substitutions of securities.

SUMMARY OF APPLICATION: Applicants request an order to permit the substitution of shares of Hartford Advisers HLS fund, Inc. ("Advisers HLS fund") for shares of American Century VP Advantage Fund ("VP Advantage Fund"), a series fund of American Century Variable Portfolios, Inc. ("ACVP, Inc."), currently held by Hartford Life Insurance Company Separate Account Two (the "Account") to support certain variable annuity contracts (collectively the "Contracts") issued by Hartford.

APPLICANTS: Hartford Life Insurance Company ("Hartford") and the Account.

FILING DATE: The application was filed on August 11, 1999, and amended and restated on October 29, 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 29, 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 may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549-0609. Applicants, c/o Christopher M. Grinnell, Esq., Associate Counsel, Hartford Life and Annuity Insurance Company, 200 Hopmeadow Street, Simsbury, CT 06089. Copy to David S. Goldstein, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, N.W., Washington, DC 20004-2415.

FOR FURTHER INFORMATION CONTACT: Jane g. Heinrichs, Senior Counsel, at (202) 942-0699, or Susan M. Olson, Branch Chief, at (202) 942-0672, Office of

Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, N.W., Washington, DC 20549-0102 (Tel. (202) 942-8090).

Applicant's Representations

1. Hartford is a stock life insurance company incorporated in Connecticut. Hartford is a subsidiary of Hartford Fire Insurance Company and ultimately controlled by Hartford Financial Services Group. Hartford is engaged in the business of writing individual and group life insurance and annuity contracts in all the District of Columbia. Hartford is the depositor and of the Account.

2. Hartford established the Account on June 2, 1989, as a segregated investment account under Connecticut law. Under Connecticut law, the assets of the Account attributable to the Contracts and any other variable annuity contracts through which interests in the Accounts are issued are owned by Hartford but are held separately from all other assets of Hartford for the benefit of the owners of, and the persons entitled to payments under, the Contracts and the other variable annuity contracts issued through the Account. Consequently, the assets in the Account are not chargeable with liabilities arising out of any other business that Hartford may conduct. Income, gains and losses, realized and unrealized, from the Account's assets are credited to or charged against the Account without regard to the income, gains or losses arising out of any other business that Hartford may conduct. The Account is a "separate account" as defined by Rule O-1(e) under the Act, and is registered with the Commission as a unit investment trust.¹ The Account is currently divided into several subaccounts. Sixteen of the subaccounts of the Account are available through the Contracts. Each subaccount invests exclusively in a corresponding management investment company. The assets of the Account support the Contracts and other variable annuity contracts issued through the Account. Interests in the Account offered through the Contracts have been registered under the Securities Act of 1933 ("1933 Act") on Forms N-4 (File No. 33-19946 and File No. 33-59541).

3. American Century Variable Portfolios, Inc. ("ACVP, Inc.") A

¹ File No. 811-07295.

Maryland corporation, is registered under the Act as an open-end management investment company of the series type (file No. 811-5188). ACVP, Inc. currently comprises six funds, one of which, American Century VP Advantage Fund ("VP Advantage Fund"), would be involved in the proposed substitution. ACVP, Inc. Issues a separate series of shares of beneficial interest in connection with each fund. Those shares are registered under the 1933 Act on Form N-1A (File No. 33-14567). American Century Investment Management, Inc. ("ACIM") serves as the investment adviser to ACVP, Inc.

4. Advisers HLS Fund, a Maryland corporation, is registered under the Act as an open-end management investment company (File No. 811-03659). HL Investment Advisers, LLC ("HL Adviors") is the investment manager to Advisers HLS Fund. In addition, under HL Advisor's general management, Wellington Management Company, LLP ("Wellington Management") serves as investment sub-adviser to the Advisers HLS Fund.

5. ACIM, investment adviser to ACVP, Inc. and VP Advantage Fund, has informed the Applicants that it wishes to halt all management and operations associated with VP Advantage Fund. Applicants understand that VP Advantage Fund was established with the expectation that it would be offered as an investment option for variable annuity contracts and variable life insurance policies underwritten by various insurance companies. However, according to ACIM, VP Advantage Fund has not been utilized by as many insurance companies as originally anticipated. Consequently, it does not believe that VP Advantage Fund has attracted sufficient assets to grow to an efficient size. Moreover, Applicants are advised by ACIM that VP Advantage Fund is no longer being actively marketed to other insurance company separate accounts. As a consequence, the assets of VP Advantage Fund are not growing. Applicants assert that they anticipate that the size of the fund may shrink, perhaps rapidly, causing fund expenses to rise and making the fund an unsatisfactory investment option for the Contracts.

6. VP Advantage Fund seeks long-term capital growth and current income by investing approximately forty percent (40%) of its assets in equity securities, forty percent (40%) in fixed income securities and the remaining twenty percent (20%) in cash and cash equivalents. For the equity portion of

the fund, the fund managers invest in stocks of companies they believe will increase in value over time. Although most of the equity portion of the fund will be invested in U.S. companies, there is no limit on the amount of assets the fund can invest in foreign companies. The fixed income and cash portions of the fund will be invested only in obligations of the U.S. government and its agencies and instrumentalities. The fixed income securities in which the fund may invest include direct obligations of the United States, such as Treasury bonds, notes and bonds and obligations (including mortgage-backed and other asset-backed securities) issued or guaranteed by agencies and instrumentalities of the U.S. government that are established under an act of Congress. Under normal market conditions, the fixed income portion is expected to have a weighted average maturity of three to ten years, and the cash portion is expected to have a weighted average maturity of six months or less. Securities will be chosen based on their income level and price stability.

7. Advisers HLS Fund seeks maximum long-term total return. The fund actively allocates its assets among three categories: equity securities, debt securities, and money market instruments. Asset allocation decisions are based on Wellington Management's judgment of the projected investment environment for financial assets, relative fundamental values, the attractiveness of each asset category, and expected future returns of each asset category. Wellington Management does not attempt to engage in short-term market timing among assets categories and asset allocation is in Wellington Management's discretion. As a result, shift in asset allocation are expected to be gradual and continuous and the fund will normally have some portion of its assets invested in each asset category. The fund may invest up to twenty percent (20%) of its total assets in securities of non-U.S. countries. The fund's investments in equity securities whose characteristics include a leadership position within an industry, a strong balance sheet, a high return on equity, sustainable or increasing dividends, a strong management team and a globally competitive position. The debt securities in which the fund may invest include securities issued or guaranteed by the U.S. government and its agencies or instrumentalities, securities rated investment grade, or if unrated, securities deemed by

Wellington Management to be of comparable quality.

8. The Contracts are flexible premium group variable annuity contracts which may be marketed for issuance in connection with certain retirement programs that qualify for Federal income tax benefits under Section 401, 403, 408 or 457 of the Internal Revenue Code. The Contracts provide for the accumulation of values on a variable basis, fixed basis, or both, during the accumulation period, and provide settlement or annuity payment options on a variable basis, fixed basis, or both.

9. Under the Contracts, Hartford reserves the right, after appropriate notice, to modify the terms of the Contracts to, among other things, reflect a change in the operation of the Account or to add or withdraw any investment options offered through the Account. Applicants assert that such rights include the right to substitute the shares of another management investment company for shares of a fund.

10. Hartford proposes to substitute shares of Advisers HLS Fund for shares of VP Advantage Fund (the "Substitution"). The Substitution will be performed by transferring accumulated account values from the subaccount holding shares of the VP Advantage Fund to the subaccount holding shares of the Advisers HLS Fund.

11. Applicants assert that the investment objective of Advisers HLS Fund is substantially identical to that of the VP Advantage Fund. The proposed Substitution would move Contract owners currently invested in VP Advantage Fund to a much larger fund with substantially the same risk and reward characteristics. Advisers HLS Fund has had lower expense ratios than VP Advantage Fund during the last three years. In addition, while Advisers HLS Fund has the prospect of future growth, VP Advantage Fund is expected to shrink in size and to cease operations in the future as it is no longer being actively marketed to other insurance company separate accounts and is not growing. Finally, Advisers HLS Fund has had better cumulative performance over the past three fiscal years than has VP Advantage Fund.

12. The following charts show the approximate year-end net asset level, ratio of operating expenses as a percentage of average net assets, and annual total returns for each of the past three years for the VP Advantage Fund and Advisers HLS Fund:

	Net Assets at year-end (in thousands)	Expense ratio (percent)	Total return (percent)
VP Advantage fund: ²			
1996	\$25,230	.98	9.25
1997	25,244	.99	12.83
1998	26,308	1.00	17.19
Advisers HLS Fund: ³			
1996	5,879,529	.63	16.62
1997	8,283,912	.63	24.51
1998	11,805,411	.63	24.66

²VP Advantage Fund pays a daily investment management fee based upon the average daily net assets of the fund at an annual rate of 1.000%

³Advisers HLS Fund pays a daily investment management fee based upon the average daily net assets of the fund at an annual rate of 0.616%.

13. For the foregoing reasons, Applicants propose that Contract owners currently invested in VP Advantage Fund would be better off if shares of Advisers HLS Fund are substituted for shares of VP Advantage Fund.

14. By supplements to the various prospectuses for the Contracts and the Account, Hartford will notify all owners of the Contracts of its intention to cease to offer the VP Advantage Fund subaccount and to effect the Substitution. The supplements for the Account advise Contract owners that from the date of the supplement until the date of the Substitution, Contract owners are permitted to transfer all amounts under a Contract invested in the affected subaccount on the date of the supplement to another subaccount and/or the general account available under a Contract without such transfers counting as a "free" transfer permitted under a Contract, if the Contracts limit or restrict transfers. The supplements also inform Contract owners that Hartford will not exercise any rights reserved under any Contract to impose additional restrictions on such transfers until at least thirty (30) days after the proposed Substitution.

15. Hartford will redeem the VP Advantage Fund shares for cash and, the same day, apply the redemption proceeds to the purchase of Advisers HLS Fund shares. The Substitution will take place at relative net asset value with no change in the amount of any Contract Owner's Contract value or death benefit or in the dollar value of his or her investment in the Account. As a result, Contract owners will remain fully invested. Contract owners will not incur any fees or charges as a result of the Substitution, nor will their rights or Hartford's obligations under the Contracts be altered in any way. All expenses incurred in connection with the Substitution, including legal, accounting and other fees and expenses, will pay by Hartford. In addition, the

Substitution will not impose any tax liability on Contract owners. The Substitution will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the Substitution than before the Substitution. The Substitution will not be treated as a transfer for purposes of assessing transfer charges or for determining the number of remaining permissible transfers in a Contract year. Hartford will not exercise any right it may have under the Contracts to impose additional restrictions on transfers under any of the Contracts for a period of at least thirty (30) days following the Substitution.

16. In addition to the prospectus supplements distributed to owners or Contracts, within five (5) days after the Substitution, any Contract owner who was affected by the Substitution will be set a written notice informing them that the Substitution was carried out and that they may make one transfer of all Contract values under a Contract invested in the affected subaccount on the date of the notice to another subaccount available under their Contract without that transfer counting as one of a limited number of transfers permitted in a Contract year free of charge, if the Contract limits or restricts transfers. The notice will also reiterate the fact that Hartford will not exercise any right reserved by it under the Contracts to impose additional restrictions on transfer until at least thirty (30) days after the Substitution. If applicable, the notice as delivered in certain states may also explain that, under the insurance regulations of those states, Contract owners who are affected by the substitution may exchange their Contracts for fixed-benefit annuity contracts issued by Hartford (or one of its affiliates) during the sixty (60) days following the proposed substitution. The notice will be preceded or accompanied by a current prospectus for Advisers HLS Fund.

17. Hartford is also seeking approval of the proposed substitution from any state insurance regulators whose approval may be necessary or appropriate.

Applicants' Legal Analysis

1. Section 26(b) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to obtain Commission approval before substituting the securities held by the trust. Specifically, Section 26(b) states:

It shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution. The Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title.

2. Applicants state that the Substitution appears to involve a substitution of securities within the meaning of Section 26(b) of the Act and request that the Commission issue an order pursuant to Section 26(b) of the Act approving the Substitution.

3. The Contracts reserve the right for Hartford, after appropriate notice, to modify the terms of the Contracts to, among other things, reflect a change in the operation of the Account or to add or withdraw any investment options offered through the Account. Applicants assert that such rights include the right to substitute the shares of another management investment company for shares of any fund. Applicants further assert that the prospectuses for the Contracts and the Account contain appropriate disclosure of this right.

4. Applicants assert that in the case of the proposed Substitution of shares of Advisers HLS Fund for shares of VP Advantage Fund, VP Advantage Fund would be replaced with a larger fund with a substantially identical investment objective and substantially

similar risk and reward characteristics. In addition, Advisers HLS Fund has had lower expense ratios for each of the most recent three fiscal years. Further, cumulative investment performance for Advisers HLS Fund has been better than for VP Advantage Fund over the same period. Moreover, Applicants state that Advisers HLS Fund has the potential for future growth where VP Advantage Fund is not growing, is expected to shrink and to eventually close. Applicants assert that Contract owners would benefit from the proposed Substitution.

5. Applicants assert that Contract owners will not be disadvantaged by the elimination of the VP Advantage Fund subaccount and that the proposed Substitution does not materially diminish for Contract owners investment flexibility, which is a central feature of the Contracts. If the proposed Substitution is carried out, all Contract owners will continue to be permitted to allocate purchase payments and transfer Contract values between and among several subaccounts in accordance with the terms of the Contracts.

6. Applicants state that the proposed Substitution is not the type of Substitution which Section 26(b) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer Contract values into other subaccounts. Moreover, Applicants state that the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected subaccounts into any of the remaining subaccounts without cost or other disadvantage. Applicants assert that the Substitution, therefore, will not result in the type of costly forced redemption which Section 26(b) was designed to prevent.

7. Applicants assert that the proposed substitution is also unlike the type of substitution which Section 26(b) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their account values. Applicants state that they also select the specific type of annuity benefits offered by Hartford under their Contract as well as other rights and privileges set forth in the Contract. Contract owners may also have considered Hartford's size, financial condition, type and its reputation for service in selecting their Contract. Applicants maintain that these

factors will not change as a result of the proposed substitution.

Conclusion

Applicants assert that, for the reasons summarized above, the Substitution is 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.

Jonathan G. Katz,
Secretary.

[FR Doc. 99-29435 Filed 11-9-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42092; File No. SR-NYSE-99-36]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Order Approving Proposed Rule Change to Eliminate the Series 7B Qualification Examination and Adopt a New Interpretation to Rule 345

November 2, 1999.

I. Introduction

On August 31, 1999, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and rule 19b-4 thereunder,² a proposed rule change relating to the qualification requirements for Exchange Floor clerks who wish to conduct a limited public business with professional customers. The proposed rule change was published for comment in the **Federal Register** on September 29, 1999.³ The Commission received no comments on the proposal. This order approves the proposal.

II. Description of the Proposal

The NYSE proposes to amend the interpretation of its Rule 345.5 ("Employees-Registration, Approval, Records")⁴ by eliminating the Series 7B Qualification Examination and establishing the Series 7A Examination as the appropriate qualification examination for Exchange Floor clerks who wish to conduct a limited public

business with professional customers. The proposed amendment would establish the Trading Assistant Examination ("Series 25") as a prerequisite for the Series 7A Examination.

Currently, Floor clerks who want to conduct a limited public business with professional customers (e.g., banks, insurance companies, and other persons included in the definition of "professional customer" found in the written interpretation to Exchange Rule 345.15) must first pass either the Series 7B Examination or the General Securities Representative ("Series 7") Examination. Floor members who want to conduct a securities business with professional customers must first pass either the Series 7A Examination or the Series 7 Examination.

The Series 7B Examination includes, among other things, 25 questions addressing Exchange Floor rules and policies. However, the Exchange recently implemented the NYSE Trading Assistant Examination ("Series 25")⁵ which is designed to test the Floor clerks' basic understanding of Exchange trading rules and the underlying principles of the auction market. The proposed rule change eliminates the Series 7B Examination requirement for Floor clerks, in order to prevent duplicate testing on certain material. The Series 7A Examination will now be the appropriate qualification examination for both Floor members and Floor clerks who wish to conduct a limited public business with professional customers.

III. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act⁶ and the rules and regulations thereunder applicable to a national securities exchange⁷ and, in particular, with the requirements of Section 6(c)(3)(B) of the Act.⁸ Specifically, the Commission finds that the proposed rule change fulfills the Exchange's responsibility to prescribe standards of training, experience and competence for persons associated with Exchange members and member organizations. In addition, the proposed rule change is consistent with Section 6(c)(3)(B) of the Act,⁹ which authorizes an Exchange to bar a natural

⁵ See Securities Exchange Act Release No. 40943 (January 13, 1999), 64 FR 3330 (January 21, 1999).

⁶ In approving this rule, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(c)(3)(B).

⁹ *Id.*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 41886 (September 20, 1999), 64 FR 52565.

⁴ The interpretation to Rule 345.15 is contained in the NYSE *Interpretation Handbook*.