

ADDRESSES: Copies of NUREG/BR-0006 may be obtained by writing to the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 37082, Washington, DC 20402-9328. Copies are also available from the National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161. A copy of the document is also available for inspection and/or copying, for a fee, in the NRC Public Document Room, 2120 L. Street, NW. (Lower Level), Washington, DC 20555-0001.

FOR FURTHER INFORMATION, CONTACT: Dr. Lidia Roche, Division of Fuel Cycle Safety and Safeguards, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001. Telephone: 301-415-7830.

SUPPLEMENTARY INFORMATION:

NRC is announcing the availability of Revision 4 of NUREG/BR-0006, "Instructions for Completing Nuclear Material Transfer Reports." This revision of NUREG/BR-0006 incorporates a variety of reporting instructions that has been previously issued by NRC regulations. This revision also incorporates instructions to be followed by the operating gaseous diffusion plants that are now under NRC oversight. NRC expects to issue a minor revision to this NUREG to fully address reporting instructions for enrichment plants.

Electronic Access

NUREG/BR-0006 Revision 4 is also available on NRC's Home Page at: <http://www.nrc.gov/NRC/NUREGS/BR0006/R4/index.html>.

Small Business Regulatory Enforcement Fairness Act

In accordance with the Small Business Regulatory Enforcement Act of 1996, NRC has determined that this action is not a major rule and has verified this determination with the Office of Information and Regulatory Affairs of the Office of Management and Budget.

Dated at Rockville, Maryland, this 15th day of September, 1999.

For the Nuclear Regulatory Commission,
Theodore S. Sherr,

Chief Licensing and International Safeguards Branch, Division of Fuel Cycle Safety and Safeguards, NMSS.

[FR Doc. 99-31919 Filed 12-8-99; 8:45 am]

BILLING CODE 7590-01-P

NUCLEAR REGULATORY COMMISSION

Instructions for the Preparation and Distribution of Material Status Reports (DOE/NRC Forms-742 and 742-C); Availability of NUREG

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice of availability.

SUMMARY: The Nuclear Regulatory Commission is announcing the availability of Revision 3 of NUREG/BR-0007, "Instructions for the Preparation and Distribution of Material Status Reports" dated September 1999.

ADDRESSES: Copies of NUREG/BR-0007 may be obtained by writing to the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 37082, Washington, DC 20402-9328. Copies are also available from the National Technical Information Service, 5285 Port Royal Road, Springfield, Virginia 22161. A copy of the document is also available for inspection and/or copying, for a fee, in the NRC Public Document Room, 2120 L. Street, NW. (Lower Level), Washington, DC 20555-0001.

FOR FURTHER INFORMATION, CONTACT: Dr. Lidia Roche, Division of Fuel Cycle Safety and Safeguards, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001. Telephone: 301-415-7830.

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Dated at Rockville, Maryland, this 15 day of September, 1999.

For the Nuclear Regulatory Commission.

Theodore S. Sherr,

Chief Licensing and International Safeguards Branch, Division of Fuel Cycle Safety and Safeguards, NMSS.

[FR Doc. 99-31920 Filed 12-8-99; 8:45 am]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-24182; File No. 812-11710]

Jackson National Life Insurance Company, et al.; Notice of Application

December 2, 1999.

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

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the "1940 Act" or "Act") granting exemptions from the provisions of sections 2(a)(32), 22(c), and 27(i)(2)(A) of the Act, and rule 22c-1 thereunder, to permit the recapture of contract enhancements applied to premium payments made under certain deferred variable annuity contracts.

Summary of application: Applicants seek an order under section 6(c) of the Act to permit, under specified circumstances, the recapture of contract enhancements applied to premiums made under deferred variable annuity contracts (the "Contracts") that Jackson National Life Insurance Company ("Jackson National") will issue through Jackson National Separate Account V ("Separate Account V"), as well as other contracts that Jackson National may issue through any other separate account established in the future by Jackson National ("Future Accounts") to support contracts that are substantially similar in all material respects to the Contracts (the "Future Contracts"). Applicants also request that the order being sought extend to any other National Association of Securities Dealers, Inc. ("NASD") member broker-dealer controlling or controlled by, or under common control with, Jackson National, whether existing or created in the future, that serves as a distributor or principal underwriter for the Contracts or Future Contracts offered through Separate Account V or any Future Account ("Jackson National Broker-Dealer(s)").

Applicants: Jackson National Life Insurance Company, Jackson National Separate Account V, any other separate account established by Jackson National in the future to support certain deferred variable annuity contracts issued by Jackson National, and Jackson National Life Distributors, Inc. ("JNLD") (collectively, "applicants").

Filing date: The application was filed on July 29, 1999, and amended and restated on October 27, 1999 and December 1, 1999.

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 on the application by writing to the SEC's Secretary and serving Applicants with a copy of the request, in person or by mail. Hearing requests must be received by the SEC by 5:30 p.m. on December 27, 1999, and should 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 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 SEC.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Applicants, c/o Joseph Emanuel, Esq., Jackson National Life Insurance Company, 5901 Executive Drive, Lansing, Michigan 48911-5389.

FOR FURTHER INFORMATION CONTACT: Paul G. Cellupica, Senior Counsel, or Susan M. Olson, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTAL 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 Fifth Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. Jackson National is a stock life insurance company organized under the laws of the State of Michigan. Separate Account V was established on September 25, 1998. Jackson National serves as depositor of Separate Account V. Jackson National may in the future establish one or more Future Accounts for which it will serve as depositor.

2. Separate Account V is a segregated asset account of Jackson National, and is registered with the Commission as a unit investment trust investment

company under the Act. Separate Account V filed a Form N-8A Notification of Registration under the Act on January 15, 1999. The Separate Account funds the variable benefits available under the Contracts funded through it. Units of interest in Separate Account V will be registered under the Securities Act of 1933 (the "1933 Act"). In that regard, Separate Account V filed a Form N-4 Registration Statement on January 15, 1999 under the 1933 Act relating to the Contracts and filed Pre-Effective Amendment No. 1 to Form N-4 on August 13, 1999. Jackson National may in the future issue Future Contracts through Separate Account V or through Future Accounts. That portion of the assets of Separate Account V that is equal to the reserves and other Contract liabilities with respect to Separate Account V is not chargeable with liabilities arising out of any other business of Jackson National. Any income, gains or losses, realized or unrealized, from assets allocated to Separate Account V is, in accordance with Separate Account V's Contracts, credited to or charged against Separate Account V, without regard to other income, gains or losses of Jackson National.

3. JNLD is a wholly-owned subsidiary of Jackson National and will be the principal underwriter of Separate Account V and distributor of the Contracts funded through Separate Account V. JNLD is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934 (the "1934 Act") and is a member of the NASD. The Contracts will be offered through unaffiliated broker-dealers who have entered into agreements with JNLD. JNLD, or any successor entity, may act as principal underwriter for any Future Accounts and distributor for any Future Contracts issued by Jackson National. A successor entity also may act as principal underwriter for Separate Account V.

4. The Contract is a part of Jackson National's line of annuity products. The Contract is an individual deferred variable and fixed annuity contract. The Contract may be issued under a qualified plan, specially sponsored program or an individual retirement annuity or as a non-qualified contract. The Contract is designed to provide for the accumulation of assets and income during an accumulation phase. Premium payments may be made at any time during the accumulation phase. The minimum initial premium is \$5,000 under most circumstances and \$2,000 for a qualified plan contract. Additional premiums of at least \$500 can be made

(\$50 under the automatic investment plan).

5. The Contracts permit premiums to be allocated to guaranteed accounts of Jackson National ("Guaranteed Accounts"). The Guaranteed Accounts are not registered with the Commission.

6. Separate Account V currently is divided into 19 sub-accounts, each of which will be available under the Contracts. The sub-accounts are referred to as "Investment Portfolios." Each Investment Portfolio will invest in a series of JNL Series Trust ("Trust") or JNL Variable Fund V LLC ("Fund"). The Investment Portfolios and the Guaranteed Accounts will comprise the initial "Investment Options" under the Contract. The Trust and the Fund are open-end management investment companies registered under the 1940 Act, whose shares are registered under the 1933 Act.

7. Jackson National Financial Services, LLC ("JNFS") serves as the investment adviser for all of the series of the Trust and the Fund. JNFS has retained subadvisers for each series. Jackson National, at a later date, may determine to create additional Investment Portfolios of Separate Account V to invest in any additional series, or other such underlying portfolios or other investments as may now or in the future be available. Similarly, Investment Portfolio(s) of Separate Account V may be combined or eliminated from time to time.

8. The Contract provides for transfer privileges among Investment Portfolios, dollar cost averaging, rebalancing, and other features. The following charges are assessed under the Contract: (i) Annual asset-based charges as follows: 1.35% for mortality and expense risks, 0.15% for administration expenses, and 0.15% if a Contract Owner chooses the optional enhanced death benefit; (ii) a withdrawal charge which starts at 8.5% in the first year, and declines 1% per year thereafter to 0% after nine years with a 10% free withdrawal option; (iii) a \$35 contract maintenance charge during the accumulation phase; and (iv) a transfer fee of \$25 for each transfer in excess of 15 in a Contract year. The Trust and the Fund also impose management and administrative fees which vary depending upon which series is selected.

9. The Contract offers a selection of death benefits. A Contract Owner can select the standard death benefit or the optional enhanced death benefit. The standard death benefit is equal to the greater of: (1) The Contract value at the end of the business day on which due proof of death and an election of the type of payment to the beneficiaries is

received by Jackson National; or (2) the minimum death benefit, which is the total of premiums paid prior to the death of the Owner, minus any withdrawals and any withdrawal charges or other fees previously assessed and premium taxes incurred. The optional enhanced death benefit is equal to the greatest of: (1) The standard death benefit; (2) the total premiums paid prior to the death of the Owner, minus any withdrawals and any withdrawal charges or other fees previously assessed and premium taxes incurred, compounded at 5% (4% if the Owner is over age 70 at the date of Contract issue); or (3) the Contract value at the end of the seventh Contract year, plus all premiums paid since the seventh year (less withdrawals, withdrawal charges previously assessed, and any applicable charges, fees and premium taxes incurred since the seventh year) compounded at 5% (4% if the Owner is over age 70 at the date of Contract issue). The optional enhanced death benefit under (2) or (3) will never exceed 250% of premiums paid, less withdrawals and any charges, fees, withdrawal charges previously assessed and premium taxes incurred.

10. Each time a Contract Owner makes a premium payment, Jackson National will add an additional amount to the Contract ("Contract Enhancement"). The Contract Enhancement will equal 4% of the premium payment. Jackson National will fund the Contract Enhancement from its general account assets. Jackson National will allocate the Contract Enhancement to the Guaranteed Accounts and/or Investment Portfolios in the same proportion as the premium payment. Jackson National will recapture Contract Enhancements only under the following circumstances: (i) If the Contract Owner exercises the right to return the Contract under the free-look provision of the Contract, the amount refunded will be reduced by any Contract Enhancement applied; (ii) if a death benefit is payable under either the standard death benefit or optional enhanced death benefit, any Contract Enhancement based on any premium payment received within 12 months prior to the date of death of the Contract Owner or annuitant (when the owner is a non-natural person) will be returned to Jackson National to the extent that the death benefit payable is greater than the minimum death benefit (but in no event will the Contract Owner receive less than the minimum death benefit); (iii) for withdrawals or distributions, including partial withdrawals, any Contract Enhancement resulting from

premium paid 12 months prior to the receipt of the request for the withdrawal or distribution will be deducted from the Contract value prior to determining the amount available for withdrawal or distribution; and (iv) for benefits provided by certain riders or endorsements (as described below), any Contract Enhancement resulting from premium paid 12 months prior to the receipt of the request for the payment of the benefit will be deducted from the Contract value prior to determining the amount available.

11. In states where permitted, Jackson National will issue riders or endorsements which provide: (a) a waiver of the withdrawal charge for a terminal illness of the Owner under certain circumstances; and (b) a waiver of the withdrawal charge if the owner is diagnosed with a condition specified in the endorsement (e.g., heart attack, stroke, coronary artery surgery, life threatening cancer, renal failure). Applicants represent that these are the only riders referred to in circumstance (iv) described in paragraph 10 above.

12. Applicants seek exemption pursuant to section 6(c) from sections 2(a)(32), 22(c) and 27(i)(2)(A) of the Act and Rule 22c-1 thereunder to the extent necessary to permit Jackson National to issue Contracts and Future Contracts that provide for the recapture of an amount equal to any Contract Enhancement under the circumstances described in paragraph 10 above.

Applicants' Legal Analysis

1. Section 6(c) of the Act authorizes the Commission to exempt any person, security or transaction, or any class or classes of persons, securities or transactions from the provisions of the Act and the rules promulgated thereunder if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants request that the Commission, pursuant to section 6(c) of the Act, grant the exemptions summarized above with respect to the Contracts and any Future Contracts funded by Separate Account V or any Future Account ("Separate Accounts"), that are issued by Jackson National and underwritten or distributed by JNLD or Jackson National Broker-Dealers. Applicants state that Future Contracts funded by a Separate Account will be substantially similar in all material respects to the Contracts. Applicants believe that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes

fairly intended by the policy and provisions of the Act.

2. Applicants represent that it is not administratively feasible to track the Contract Enhancement amount in a Separate Account after the Contract Enhancement is applied. Accordingly, the asset-based charges applicable to a Separate Account will be assessed against the entire amounts held in the Separate Account, including the Contract Enhancement amount during the free-look period and the 12-month period following a premium payment preceding certain events (*i.e.*, payment of a death benefit, withdrawals or distributions, and payment of benefits provided by certain Contract riders or endorsements). As a result, during such periods, the aggregate asset-based charges assessed against an owner's Contract value will be higher than those that would be charged if the owner's Contract value did not include the Contract Enhancement.

3. Subsection (i) of section 27 of the Act provides that Section 27 does not apply to any registered separate account funding variable insurance contracts, or to the sponsoring insurance company and principal underwriter of such account, except as provided in paragraph (2) of the subsection. Paragraph (2) provides that it shall be unlawful for any registered separate account funding variable insurance contracts or a sponsoring insurance company of such account to sell a contract funded by the registered separate account unless, among other things, such contract is a redeemable security. Section 2(a)(32) of the Act defines "redeemable security" as any security, other than short-term paper, under the terms of which the holder, upon presentation to the issuer, is entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent thereof.

4. Applicants submit that the Contract Enhancement recapture provisions of the Contract would not deprive an owner of his or her proportionate share of the issuer's current net assets. Applicants state that an owner's interest in the amount of the Contract Enhancement allocated to his or her Contract value upon receipt of a premium payment is not vested until the applicable free-look period has expired without return of the Contract. Similarly, Applicants state that an owner's interest in the amount of any Contract Enhancement allocated upon receipt of premium payments made during the 12-month period before a death benefit is payable, a withdrawal or distribution is made, or a benefit is

payable under certain Contract riders or endorsements also is not vested. Until or unless the amount of any Contract Enhancement is vested, Applicants submit that Jackson National retains the right and interest in the Contract Enhancement amount, although not in the earnings attributable to that amount. Thus, Applicants argue that when Jackson National recaptures any Contract Enhancement it is simply retrieving its own assets, and because an owner's interest in the Contract Enhancement is not vested, the owner has not been deprived of a proportionate share of the Separate Account's assets, *i.e.*, a share of the applicable Separate Account's assets proportionate to the owner's Contract value (including the Contract Enhancement).

5. In addition, with respect to Contract Enhancement recapture upon the exercise of the free-look privilege, Applicants state that it would be patently unfair to allow an owner exercising that privilege to retain a Contract Enhancement amount under a Contract that has been returned for a refund after a period of only a few days. Applicants state that if Jackson National could not recapture the Contract Enhancement, individuals could purchase a Contract with no intention of retaining it, and simply return it for a quick profit.

6. Furthermore, Applicants state that the recapture of Contract Enhancements relating to premiums made within twelve months of the payment of a death benefit, a withdrawal or distribution or the payment of a benefit under certain Contract riders or endorsements is designed to provide Jackson National with a measure of protection. Applicants state that the risk is that, rather than spreading premiums over a number of years, an owner will make very large premiums shortly before certain events, thereby leaving Jackson National less time to recover the cost of the Contract Enhancements applied, to its financial detriment. Again, the amounts recaptured equal the Contract Enhancements provided by Jackson National from its own general account assets, and any gain would remain as part of the Contract's value at annuitization.

7. Applicants represent that the Contract Enhancement will be attractive to and in the interest of investors because it will permit owners to put 104% of their premiums to work for them in the selected Investment Options. Also, any earnings attributable to the Contract Enhancement will be retained by the owner, and the principal amount of the Contract Enhancement

will be retained if the contingencies set forth in the application are satisfied.

8. Applicants state that Jackson National's right to recapture Contract Enhancements applied to premiums made within twelve months of the payment of a death benefit, a withdrawal or distribution, or the payment of a benefit under certain Contract riders or endorsements protects it against the risk that owners will contribute larger amounts as they approach certain events (if foreseeable) to obtain the Contract Enhancement, while avoiding Contract charges over the long term. With respect to refunds paid upon the return of Contracts within the "free-look" period, the amount payable to Jackson National must be reduced by the allocated Contract Enhancement. Otherwise, Applicants state that purchasers could apply for Contracts for the sole purpose of exercising the free-look provision and making a quick profit.

9. Applicants submit that the provisions for recapture of any applicable Contract Enhancement under the Contracts do not, and any such Future Contract provisions will not, violate section 2(a)(32) and 27(i)(2)(A) of the Act. Nevertheless, to avoid any uncertainties, Applicants request an exemption from those Sections, to the extent deemed necessary, to permit the recapture of any Contract Enhancement under the circumstances described herein with respect to the Contract and any Future Contracts, without the loss of the relief from section 27 provided by section 27(i).

10. Section 22(c) of the 1940 Act authorizes the Commission to make rules and regulations applicable to registered investment companies and to principal underwriters of, and dealers in, the redeemable securities of any registered investment company, whether or not members of any securities association, to the same extent, covering the same subject matter, and for the accomplishment of the same ends as are prescribed in Section 22(a) in respect of the rules which may be made by a registered securities association governing its members. Rule 22c-1 thereunder prohibits a registered investment company issuing any redeemable security, a person designated in such issuer's prospectus as authorized to consummate transactions in any such security, and a principal underwriter of, or dealer in, such security, from selling, redeeming, or repurchasing any such security except at a price based on the current net asset value of such security which is next computed after receipt of a tender of security for redemption or of

an order to purchase or sell such security.

11. Arguably, Jackson National's recapture of the Contract Enhancement might be viewed as resulting in the redemption of redeemable securities for a price other than one based on the current net asset value of Separate Account V. Applicants contend, however, that recapture of the Contract Enhancement is not violative of section 22(c) and Rule 22c-1. Applicants argue that the recapture does not involve either of the evils that Rule 22c-1 was intended to eliminate or reduce, namely: (i) The dilution of the value of outstanding redeemable securities of registered investment companies through their sale at a price below net asset value or their redemption or repurchase at a price above it, and (ii) other unfair results including speculative trading practices. See Adoption of Rule 22c-1 under the 1940 Act, Investment Company Release No. 5519 (Oct. 16, 1968). To effect a recapture of a Contract Enhancement, Jackson National will redeem interests in an owner's Contract value at a price determined on the basis of current net asset value of Separate Account V. The amount recaptured will equal the amount of the Contract Enhancement that Jackson National paid out of its general account assets. Although owners will be entitled to retain any investment gain attributable to the Contract Enhancement, the amount of such gain will be determined on the basis of the current net asset value of Separate Account V. Thus, no dilution will occur upon the recapture of the Contract Enhancement. Applicants also submit that the second harm that Rule 22c-1 was designed to address, namely, speculative trading practices calculated to take advantage of backward pricing, will not occur as a result of the recapture of the Contract Enhancement. However, to avoid any uncertainty as to full compliance with the Act, Applicants request an exemption from the provisions of section 22(c) and Rule 22c-1 to the extent deemed necessary to permit them to recapture the Contract Enhancement under the Contracts and Future Contracts.

Conclusion

Applicants submit that their request for an order is appropriate in the public interest. Applicants state that such an order would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing the efficient use of Applicants' resources. Applicants argue

that investors would not receive any benefit or additional protection by requiring Applicants to repeatedly seek exemptive relief that would present no issue under the Act that has not already been addressed in their Application described herein. Applicants submit that having them file additional applications would impair their ability effectively to take advantage of business opportunities as they arise. Further, Applicants state that if they were required repeatedly to seek exemptive relief with respect to the same issues addressed in the Application described herein, investors would not receive any benefit or additional protection thereby.

Applicants submit, based on the grounds summarized above, that their exemptive request meets the standards set out in section 6(c) of the Act, namely, that the exemptions requested are necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act, and that, therefore, the Commission should grant the requested order.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 99-31961 Filed 12-8-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. PA-28; File No. S7-27-99]

Privacy Act of 1974: Notice of Modifications to a System of Records and the Establishment of a New System of Records

AGENCY: Securities and Exchange Commission.

ACTION: Notice of intended modifications to an existing system of records and the establishment of a new system of records.

SUMMARY: The Securities and Exchange Commission proposes to modify an existing system of records by excluding records submitted by broker-dealers and to add a new system of records consisting of these broker-dealer records. This proposal reflects the assumption of certain registration functions, including maintenance of broker-dealer registration records in the new Internet-based Central Registration Depository (CRD), by the National Association of Securities Dealers, Inc. (NASD).

Also, the Commission is proposing to make major changes in its "Pay and Leave System (SEC-15)." The changes are designed to reflect the transfer of some of its payroll functions to the National Business Center of the U.S. Department of the Interior (DOI). As a result of the transfer, certain SEC-15 records would become a part of DOI's integrated, automated payroll system.

DATES: Comments must be received by January 10, 2000. The proposed changes and the new system of records will take effect January 18, 2000, unless the SEC receives comments that would require a different determination.

ADDRESSES: Please send three copies of your comments to Jonathan G. Katz, Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549-0609. You may also send your comments electronically to the following electronic address: rule-comments@sec.gov. All comments should refer to File No. S7-27-99 and, if sent electronically, should include this file number on the subject line. Comment letters will be available for public inspection and copying at our Public Reference Room, 450 Fifth Street, NW, Washington, DC 20549. If sent electronically, comment letters will also be available on our Web site (<http://www.sec.gov>).

FOR FURTHER INFORMATION CONTACT: Betty A. Lopez, Privacy Act Officer, (202) 942-4320, Office of Filings and Information Services, SEC, Operations Center, 6432 General Green Way, Alexandria, VA 22312-2413.

SUPPLEMENTARY INFORMATION: The Commission gives notice of major changes to "Applications for Registration/Exemption under the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, and the Investment Company Act of 1940 (SEC-2)," which results in the establishment of a new system—"Broker-Dealer Records (SEC-49)." It also gives notice of major changes to "Pay and Leave System (SEC-15)."

SEC-2

Currently, the Commission treats paper and microfiche copies of applications for registration by broker-dealers (Form BD) and investment advisers (Form ADV) and their related amendments, withdrawal notices, and other forms as agency records subject to the Privacy Act. Accordingly, the Commission has published and periodically updated a system of records notice for these records, designated as SEC-2. These records contain names of individuals and information about those individuals, such as disciplinary information. However, the current

Privacy Act notice does not address the electronic filing of such forms and new ways of maintaining and retrieving them through any SEC or non-SEC system. The Commission is therefore proposing to transfer broker-dealer records, whether in paper, microfiche, or electronic format, from SEC-2 to the "Broker-Dealer Records" (SEC-49), a new Privacy Act records system. In addition, the Commission is proposing to restate the routine uses in plain English and to delete outdated or redundant uses.¹

SEC-15

Moreover, the Commission gives notice of major changes to its "Pay and Leave System (SEC-15)." On June 20, 1999, the Commission transferred some of its payroll functions to DOI. This transfer required the integration of its notices of personnel action and other pay-related records with the DOI's automated payroll and personnel system. The Commission, however, would continue to maintain its electronic payroll files, official personnel files, time and attendance reports, and service history files pertaining to SEC employees. To reflect this development and restate the routine uses of SEC-15 records in plain English, the Commission is proposing major changes to SEC-15.

SEC-49

On April 30, 1999, the Commission adopted amendments to Form BDW and Rules 15b3-1, 15b6-1, 15Ba2-2, 15Bc3-1, 15Ca1-1, and 15Cc1-1 under the Securities Exchange Act of 1934 (Exchange Act).² On July 2, 1999, the Commission adopted amendments to Form BD and Rules 15b3-1, 15Ba2-2, and 15Ca2-1 under the Exchange Act.³ These amendments require broker-dealers to submit all Form BD amendments and Form BDW withdrawal requests electronically to Web CRD. As a result of these amendments, the NASD, which is responsible for the operation and maintenance of Web CRD, will be the custodian of broker-dealer registration records filed on or after August 16, 1999. As custodian, the NASD must maintain the records in accordance with federal record-keeping requirements.⁴ Under 5 U.S.C. 552a(m), the NASD has entered into a Memorandum of Understanding with

¹ See 5 U.S.C. 552a(b), Conditions of Disclosure.

² Securities Exchange Act Release No. 41356 (April 30, 1999), 64 FR 25143 (May 10, 1999).

³ Securities Exchange Act Release No. 41394 (July 2, 1999), 64 FR 37586 (July 12, 1999).

⁴ 36 CFR 1220, Federal Records—General, 36 CFR 1222, Creation and Maintenance of Federal Records, and 36 CFR 1234, Electronic Records Management.