

From—	Through—	Interest rate (percent)
10/1/92 .....	6/30/94	6.00
7/1/94 .....	9/30/94	7.25
10/1/94 .....	12/31/94	7.75
1/1/95 .....	3/31/95	8.50
4/1/95 .....	9/30/95	9.00
10/1/95 .....	3/31/96	8.75
4/1/96 .....	6/30/97	8.25
7/1/97 .....	12/31/98	8.50
1/1/99 .....	9/30/99	7.75
10/1/99 .....	12/31/99	8.25
1/1/00 .....	3/31/00	8.50

### Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC's regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC's regulation on Allocation of Assets in Single-employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in February 2000 under part 4044 are contained in an amendment to part 4044 published elsewhere in today's **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, DC, on this 7th day of January 2000.

**David M. Strauss,**

*Executive Director, Pension Benefit Guaranty Corporation.*

[FR Doc. 00-860 Filed 1-13-00; 8:45 am]

**BILLING CODE 7708-01-P**

### SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-24234; File No. 812-11584]

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

January 7, 2000.

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

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

**SUMMARY OF APPLICATION:** Applicants seek an order approving the substitution of shares of the Janus Aspen Worldwide Growth Portfolio for the Van Eck Worldwide Hard Assets Fund; the Janus Aspen International Growth Portfolio for the Lexington Emerging Markets Fund; the SAFECO RST Growth Portfolio for the Stein Roe Special Venture Fund; the INVESCO VIF—Equity Income Fund for the INVESCO

VIF—Total Return Fund; and the Alger American Growth Portfolio for the Janus Aspen Aggressive Growth Portfolio, Alger American Small Capitalization Portfolio, Strong Discovery Fund II and American Century VP Capital Appreciation Portfolio.

**APPLICANTS:** Great-West Life & Annuity Insurance Company ("GWL&A"), First Great-West Life & Annuity Insurance Company ("FGWLA"), Variable Annuity-1 Series Account of GWL&A (the "GWL&A Account"), Variable Annuity-1 Series Account of FGWLA (the "FGWLA Account" or together, with the GWL&A Account, the "Accounts") (hereinafter, all parties are collectively referred to as the "Applicants").

**FLING DATE:** The application was filed on April 16, 1999, and amended and restated on September 29, 1999, and December 28, 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 January 31, 2000, 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 Jordan Burt Boors Cicchetti Benson & Johnson, LLP, 1025 Thomas Jefferson Street, N.W., Suite 400 East, Washington, DC 20007-0805; Attention: Tom Ira, 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 Street 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 an indirect, wholly-owned subsidiary of 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, Guam and in all states of the United States, except New York.

2. FGWLA is a stock life insurance company organized under the laws of the State of New York. FGWLA is a wholly owned subsidiary of GWL&A, and is principally engaged in the sale of life insurance, accident and health insurance, and annuities. FGWLA is admitted to do business in New York and Iowa.

3. The GWL&A Account and the FGWLA Account are distinct investment accounts of GWL&A and FGWLA, respectively, which act as funding vehicles for certain group and individual flexible premium variable deferred annuity contracts (the "Schwab Contracts" or the "Contracts"). Charles Schwab & Co., Inc. ("Schwab") is the principal underwriter and distributor of the Schwab Contracts. The assets of the GWL&A Account and the FGWLA Account are owned by GWL&A and FGWLA, respectively, and the obligations under the Schwab Contracts are obligations of GWL&A and FGWLA, respectively. GWL&A and FGWLA each are required to maintain sufficient assets in the GWL&A Account and FGWLA Account, respectively, to meet anticipated obligations of the Schwab Contracts.

4. The Schwab Contracts currently offer twenty-eight investment sub-accounts, each of which invest exclusively in one of the corresponding portfolios (the "underlying portfolios") of sixteen open-end management investment companies. The assets of the Accounts are kept separate from the other assets of GWL&A and FGWLA. The income, gains, and losses of the Accounts, whether or not realized, are credited to or charged against the Accounts without regard to other income, gains, or losses of any other separate account or arising out of any other business that GWL&A or FGWLA may conduct.

5. The GWL&A Account is a unit investment trust ("UIT") and has filed a registration statement on form N-4 (Registration Nos. 811-07549 and 333-01153) for the purpose of registering the GWL&A Account under the 1940 Act

and the Schwab Contracts as securities under the Securities Act of 1933, as amended (“the 1933 Act”).

6. The FGWLA Account is a UIT and has filed a registration statement on Form N-4 (Registration Nos. 811-08183 and 333-25289) for the purpose of registering the FGWLA Account under the 1940 Act and the Schwab Contracts as securities under the 1933 Act.

7. The Schwab Contracts are flexible premium annuity contracts which may be issued under retirement plans which qualify for federal tax benefits under Section 408 of the Internal Revenue Code (the “Code”) as individual retirement accounts, other retirement plans which do not qualify under the Code or to individuals in non-plan contexts.

8. The Schwab Contracts do not have either contingent deferred or front-end

sales loads and no sales charge applies to the transfer among sub-accounts offered in the Contracts. Under the Contracts, there are no limits on the number of transfers a Contract owner can make. There is, however, a \$10.00 fee for each transfer in excess of twelve in any calendar year. The proposed substitution will not count as a transfer for this purpose. The Contracts also have an annual contract fee of \$25.00. The contract charge currently is waived for Contracts with an Annuity Account Value of at least \$50,000. These charges will not be affected by the transfer.

9. The Contracts expressly reserve GWL&A’s and FGWLA’s respective rights, both on their own behalf and on behalf of the Accounts, to eliminate sub-accounts, combine two or more sub-accounts are invested or for a new underlying portfolio.

10. GWL&A and FGWLA, on their own behalf and on behalf of the Accounts, propose to exercise their contractual right to eliminate the Van Eck Worldwide Hard Assets Fund, Lexington Emerging Markets Fund, Stein Roe Special Venture fund, Janus Aspen Aggressive Growth Portfolio, Alger American Small Capitalization Portfolio, Strong Discovery Fund II, American Century VP Capital Appreciation Portfolio, and the INVESCO VIF—Total Return Fund as funding options under the Contracts.

Collectively, the portfolios being eliminated will hereinafter be referred to as the “Eliminated Portfolios.”

11. GWL&A and FGWLA each propose the following substitutions. Applicants state that none of the funds are affiliated with GWL&A or FGWLA under the 1940 Act.

Substituted portfolios	Eliminated portfolios
Janus Aspen Worldwide Growth Portfolio .....	Van Eck Worldwide Hard Assets Fund.
Janus Aspen International Growth Portfolio .....	Lexington Emerging Markets Fund.
SAFECO RST Growth Portfolio .....	Stein Roe Special Venture Fund.
INVESCO VIF—Equity Income Fund .....	INVESCO VIF—Total Return Fund.
Alger American Growth Portfolio .....	Janus Aspen Aggressive Growth Portfolio.
	Alger American Small Capitalization Portfolio.
	Strong Discovery Fund II.
	American Century VP Capital Appreciation Portfolio.

12. In each case, Applicants have determined that the Substituted Portfolio is the most appropriate investment alternative in relation to the respective Eliminated Portfolio as compared with all other options available under the Contracts, taking into account all relevant factors. Applicants believe that the Substituted Portfolios have, as their primary emphasis, investment objectives that are similar to or consistent with those of the corresponding Eliminated Portfolios such that investment expectations of Contract owners would continue to be fulfilled upon consummation of each of the proposed substitutions. While, in a relatively few cases, an Eliminated Portfolio may seek to achieve its objective by employing a strategy that

differs from the strategy employed by the respective Substituted Portfolio, Applicants argue that comparability of corresponding funds is but one factor, albeit an important one, to be considered for purposes of determining whether a proposed substitution should be approved pursuant to Section 26(b). Further, in the few cases where the Eliminated Portfolio’s strategy differs from the Substituted Portfolio’s strategy, Applicants note that the Eliminated Portfolios have generated less Contract owner interest while the Applicants have observed increased demand for the Substituted Portfolios. Applicants believe that essentially all other appropriate factors weigh in favor of each of the proposed substitutions. These include, among others,

comparative performance histories, relative asset bases, fee levels, the tax free nature of the proposed transactions, and the diversity of other investment options available under the Contracts. Applicants emphasize that, to the extent Contract owners seek a particular investment option, such as a small cap option, Contract owners will have ample opportunity to allocate their assets among the wide range and number of investment options available under the Contracts should they decide that the Substituted Portfolios are not appropriate for their needs.

13. Applicants represent that, without taking waivers or reductions into account, the total expenses of the Substituted Portfolios compared to the Eliminated Portfolios are as follows:

Substituted portfolios	Eliminated portfolios
Janus Aspen Worldwide Growth Portfolio—0.74% <sup>1</sup> .....	Van Eck Worldwide Hard Assets Fund—1.17%.
Janus Aspen International Growth Portfolio—0.95% <sup>2</sup> .....	Lexington Emerging Markets Fund—1.84%.
SAFECO RST Growth Portfolio—0.80% .....	Stein Roe Special Venture Fund—0.73%.
INVESCO VIF—Equity Income Fund—0.91% .....	INVESCO VIF—Total Return Fund—0.92%.
Alger American Growth Portfolio—0.79% .....	Janus Aspen Aggressive Growth Portfolio—0.76%.
	Alger American Small Capitalization Portfolio—0.89%.
	Strong Discovery Fund II—01.20%.
	American Century VP Capital Appreciation Portfolio—1.00%.

<sup>1</sup> With waivers or reductions, the total expenses for the Janus Aspen Worldwide Growth Portfolio would be 0.72%.

<sup>2</sup> With waivers or reductions, the total expenses for the Janus Aspen International Growth Portfolio would be 0.86%.

14. Applicants represent that the Average Annual Total Return of the Substituted and Eliminated Portfolios over one, three, five and ten years as of the period ended December 31, 1998, was as follows:

Substituted Portfolios				Eliminated Portfolios			
Janus Aspen Worldwide Growth Portfolio				Van Eck Worldwide Hard Assets Fund			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
28.92%	26.66%	21.32%	N/A	-30.92%	-7.13%	-3.26%	N/A
Janus Aspen International Growth Portfolio				Lexington Emerging Markets Fund			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
17.23%	23.23%	N/A	N/A	-28.21%	-11.96%	N/A	N/A
SAFECO RST Growth Portfolio				Stein Roe Special Venture Fund			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
1.83%	24.80%	25.13%	N/A	-17.31%	4.21%	5.06%	N/A
INVESCO VIF—Equity Income Fund				INVESCO VIF—Total Return Fund			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
15.30%	21.81%	N/A	N/A	9.56%	14.75%	N/A	N/A
Alger American Growth Portfolio				Janus Aspen Aggressive Growth Portfolio			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
48.08%	27.93%	23.50%	N/A	34.26%	17.76%	19.35%	N/A
Alger American Growth Portfolio				Alger American Small Capitalization Portfolio			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
48.08%	27.93%	23.50%	N/A	15.53%	10.25%	13.21%	20.21%
Alger American Growth Portfolio				Strong Discovery Fund II			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
48.08%	27.93%	23.50%	N/A	34.26%	17.76%	19.35%	N/A
Alger American Growth Portfolio				American Century VP Capital Appreciation Portfolio			
1 Year	3 Years	5 Years	10 Years	1 Year	3 Years	5 Years	10 Years
48.08%	27.93%	23.50%	N/A	-2.22%	-3.40%	3.10%	8.40%

15. Applicants have concluded that the Substitution would be appropriate in light of, among other things, the relatively poor performance of the Eliminated Portfolios. Applicants assert that the Eliminated Portfolios will be replaced with portfolios having comparable investment objectives and better historical performance returns and, accordingly, Applicants believe the Substituted Portfolios are more likely to provide Contract owners with favorable investment performance in the future. Applicants assert that the Substitution will not expose Contract owners to any

unreasonable risks and that, in each case, expense ratios of the Substituted Portfolios are less than or comparable to the respective Eliminated Portfolios and the historical performance of the Substituted Portfolios are better than those of the respective Eliminated Portfolios.

16. If Contract owners are not satisfied with the Substituted Portfolio to which their assets will be reallocated upon consummation of the Substitution, Contract owners will have the opportunity to transfer those assets into any of the other investment options

available under their Contracts. In this regard, Applicants state that even after the Substitution is effected, there will still be a total of 27 other investment options (not including the Substituted Portfolio).

17. GWL&A and FGWLA will schedule the Substitution to occur on the Automatic Selection Date. Such date will be soon as practicable following the issuance of an order by the Commission granting the relief requested in the Application. As of the Automatic Selection Date, all Contract values allocated to the Eliminated Portfolios

will be reallocated to the corresponding Substituted Portfolios. Contract owners can always exercise their own judgment as to the most appropriate alternative investment and transfer their assets from the Eliminated Portfolios to any one or a mix of the remaining sub-accounts available under their Contracts. Applicants note that, even after the Substitution, the Contracts will continue to offer a wide array of investment options having diverse investment objectives. No sales load deductions or other charges will be assessed in connection with any transfers among sub-accounts because of the Substitution.

18. By way of sticker, the Schwab Variable Annuity prospectuses have disclosed the proposed Substitution for several months. The stickers also disclosed that the Eliminated Portfolios will not accept additional premium payments (i.e. new money or transfers) on or after June 1, 1999, and that contract values allocated to the Eliminated Portfolios can be transferred without assessment of any charges and without such transfers counting toward the twelve free transfers permitted each calendar year. These stickers were mailed to all Contract owners at or around the time of filing of the initial Application. After the Notice of Application is issued, a second notification will be provided to all Contract owners 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 sub-accounts of their choice (or remain in the Eliminated Portfolios until the automatic substitution on the Automatic Selection Date).

19. The Contract owners also will be mailed a confirmation of the Substitution transaction within five days of the Automatic Selection Date. The confirmation will contain a reminder of the Contract owner's ability to effect one transfer without incurring any charges, and such transfer will not be counted as one of the twelve free transfers permitted in a calendar year so long as the transfer is made within 30 days of the effective date of the Substitution.

20. 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 corresponding Substituted Portfolio at net asset value on the same date. Contract owners will not incur any fees or charges as a result of the transfer of account values from the Eliminated

Portfolios. The Substitution will not increase Contract or separate account fees and charges after the Substitution. Expenses incurred in connection with the Substitution, including legal, accounting and other expenses, will not be borne by Contract owners. Contract values will remain unchanged and fully invested following the consummation of the Substitution. In addition, Applicants represent that, as of the date of filing of the second amended Application, and to Applicants' best knowledge, the Substitution will not result in any adverse federal income tax impact on owners. Following the Substitution, the sub-accounts which invest in the Eliminated Portfolios will be terminated.

#### **Applicant's Legal Analysis and Conditions**

1. Section 26(b) of the 1940 Act provides that 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; and 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 policies and provisions of the 1940 Act.

2. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the substitution of securities.

3. Applicants represent that the purposes, terms and conditions of the Substitution are consistent with the protections for which Section 26(b) was designed and will not result in any of the harms which Section 26(b) was designed to prevent.

4. Any Contract owner who does not want his or her assets allocated to the Substituted Portfolio would be able to transfer assets to any one of the other investment divisions available under his or her Contract without charge. Such transfers could be made prior to or after Automatic Selection Date.

5. 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 will not incur any fees or charges as a result of the transfer of account values from any Portfolio. 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, and to Applicants' best

knowledge, the Substitution will not have any adverse federal income tax impact on Contract owners. Contract owners', GWL&A's, and FGWLA's rights and obligations under the Schwab Contracts will not be affected in any way by the Substitution.

#### **Conclusion**

In light of the foregoing facts and representations, Applicants believe that the request to allow the Substitution meets the applicable standards of an order under Section 26(b) of the 1940 Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00-893 Filed 1-13-00; 8:45 am]

BILLING CODE 8010-01-M

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-42323; File No. SR-DTC-99-24]

### **Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change Relating to Collateralization Procedures**

January 7, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> ("Act"), notice is hereby given that on October 27, 1999, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change would revise DTC's collateralization procedures for situations where a participant holds collateral associated with the participant.

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

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any

<sup>1</sup> 15 U.S.C. 78s(b)(1).