

Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 6, 2000.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-23435 Filed 9-12-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Approval of Existing Information Collections: Rule 27e-1 and Form N-27E-1; SEC File No. 270-486; OMB Control No. 3235-new. Rule 27f-1 and Form N-27F-1; SEC File No. 270-487; OMB Control No. 3235-new.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of the collections of information under the Investment Company Act of 1940 ("Act") summarized below.

Rule 27e-1 [17 CFR 270.27e-1] is entitled "Requirements for Notice to be Mailed to Certain Purchasers of Periodic Payment Plan Certificates Sold Subject to Section 27(d) of the Act." Form N-27E-1 is entitled "Notice to Periodic Payment Plan Certificate Holders of 18 Month Surrender Rights with Respect to Periodic Payment Plan Certificates." Rule 27f-1 [17 CFR 270.27f-1] is entitled "Notice of Right of Withdrawal Required to Be Mailed to Periodic Payment Plan Certificate Holders and Exemption from Section 27(f) for Certain Periodic Payment Plan Certificates." Form N-27F-1 is entitled "Notice to Periodic Payment Plan Certificate Holders of 45 Day Withdrawal Right with Respect to Periodic Payment Plan Certificates." Form N-27E-1, which is prescribed by Rule 27e-1 in order to implement the statutory mandate in section 27(e) of the Act, serves to notify holders of periodic payment plan certificates who have

missed certain payments of their surrender rights with respect to the certificates. Form N-27F-1, which is prescribed by Rule 27f-1, is used to notify recent purchasers of periodic payment plan certificates, of their right under section 27(f) of the Act to return the certificates within a specified period for a full refund. The Form N-27E-1 and Form N-27F-1 notices, which are sent directly to holders of periodic payment plan certificates, serve to alert purchasers of periodic payment plans of their rights in connection with their plan certificates.

Commission staff estimates that there are fewer than five issuers of periodic payment plan certificates affected by Rules 27e-1 and 27f-1. The frequency with which each of these issuers or their representatives must file the Form N-27E-1 and Form N-27F-1 notices varies with the number of periodic payment plans sold and the number of certificate holders who miss payments. The Commission estimates, however, that approximately 5,000 Form N-27E-1 notices and 48,900 Form N-27F-1 notices are sent out annually. The Commission estimates that each Form N-27E-1 notice takes approximately 4.5 minutes (0.075 hours) to prepare. Therefore, the total annual burden of Form N-27E-1 is estimated to be approximately 375 hours. The Commission estimates that each Form N-27F-1 notice takes approximately 3.5 minutes (.05833 hours) to prepare. Therefore, the total annual burden of Form 27F-1 is estimated to be 2,852 hours.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.¹

Complying with the collection of information requirements of Rule 27e-1 is mandatory for issuers of periodic payment plans or their depositors or underwriters in the event holders of plan certificates miss certain payments within eighteen months after issuance. Complying with the collection of information requirements of Rule 27f-1 is mandatory for custodian banks of periodic payment plans for which the sales load deducted from any payment exceeds 9 percent of the payment. The information provided pursuant to Rules 27e-1 and 27f-1 will be provided to third parties and, therefore, will not be kept confidential. The Commission is seeking OMB approval, because an

¹ These estimates are based on informal conversations between the Commission staff and representatives of periodic payment plan issuers.

agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0004. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 6, 2000.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-23436 Filed 9-12-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[File No. 812-12110; Release No. 24619/ August 23, 2000]

Investment Company Act of 1940; In the Matter of Nationwide Separate Account Trust, et al.; Nationwide Insurance, One Nationwide Plaza, 1-35-13, Columbus, OH 43215

Correction

In **Federal Register** Document No. 00-22113 beginning on page 52794 for Wednesday, August 30, 2000, the file number was incorrectly stated as 812-11942. The correct file number is 812-12110.

Dated: September 7, 2000.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-23484 Filed 9-12-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-24635; File No. 812-12120]

Pruco Life Insurance Company, et al.

September 7, 2000.

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 1940 Act and Rule 22c-1 thereunder, to permit the recapture of credits applied to purchase payments made under certain deferred variable annuity contracts.

Applicants: Pruco Life Insurance Company ("Pruco Life"); Pruco Life Flexible Premium Variable Annuity Account ("Pruco Life Account"); Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey"); Pruco Life of New Jersey Flexible Premium Variable Annuity Account ("Pruco Life of New Jersey Account"); and Prudential Investment Management Services, LLC ("PIMS," and collectively with the Insurance Companies and the Accounts, "Applicants").

Summary of Application: Applicants seek an order of the Commission to permit, under specified circumstances, the recapture of certain credits applied to purchase payments made under: (1) Certain deferred variable annuity contracts (the "Contracts") that Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey (the "Insurance Companies") issue through certain separate accounts (the "Accounts"); and (2) contracts that the Insurance Companies may in the future issue through the Accounts or any other separate account established in the future by the Insurance Companies ("Future Accounts"), which contracts 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, the Insurance Companies, whether existing or created in the future, that serves as a distributor or principal underwriter of the Contracts or any Future Contracts offered through the Accounts or any Future Account ("Affiliated Broker-Dealers").

Filing Date: The application was filed on May 26, 2000, and amended and restated on September 1, 2000.

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 September 28, 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 5th Street, NW., Washington, DC 20549-0609. Applicants, c/o The Prudential Insurance Company of America, 100 Mulberry Street, Newark, NJ 07102-4077, Attn: Lee D. Augsburger, Esq.

FOR FURTHER INFORMATION CONTACT: Joyce M. Pickholz, Senior Counsel, or Keith E. Carpenter, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: the following is a summary of the application. The complete application is available for a fee from the SEC's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. Pruco Life is a stock life insurance company organized under the laws of the State of Arizona. Pruco Life of New Jersey is a stock life insurance company organized under the laws of the State of New Jersey. Pruco Life of New Jersey is a wholly-owned subsidiary of Pruco Life, which is itself a wholly-owned subsidiary of The Prudential Insurance Company of America ("Prudential").

2. PIMS, a wholly-owned subsidiary of Prudential, is the principal underwriter of the Contracts. PIMS is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act") and is a member of the NASD. PIMS will enter into arrangements with one or more registered broker-dealers, which may be affiliated with PIMS, to offer and sell the Contracts. PIMS also may enter into these arrangements with banks that may be acting as broker-dealers without separate registration under the 1934 Act pursuant to legal and regulatory exceptions. PIMS may distribute the Contracts directly. PIMS may enter into similar arrangements for Future Contracts.

3. Pruco Life will be the issuer of the Contracts funded through Pruco Life Account and serves as depositor of the account. Pruco Life of New Jersey will be the issuer of the Contracts funded through Pruco Life of New Jersey Account and serves as depositor of the account. Pruco Life and Pruco Life of New Jersey may in the future issue Future Contracts through the Accounts,

or through Future Accounts for which they would also serve as depositor.

4. Pruco Life Account is a segregated asset account of Pruco Life, and Pruco Life of New Jersey Account is a segregated asset account of Pruco Life of New Jersey. The respective Accounts will fund the variable benefits available under the Contracts. The offering of the Contracts will be registered under the Securities Act of 1933 (the "1933 Act"). The Insurance Companies may issue Future Contracts through their respective accounts or through Future Accounts. That portion of the assets of Pruco Life Account and Pruco Life of New Jersey Account equal to the reserves and other Contract liabilities with respect to those Accounts are not chargeable with liabilities arising out of any other business of Pruco Life and Pruco Life of New Jersey, respectively. Any income, gains or losses, realized or unrealized, from assets allocated to Pruco Life Account or Pruco Life of New Jersey Account, as applicable, without regard to other income, gains or losses of Pruco Life or Pruco Life of New Jersey. The same will be true of any Future Account.

5. The Contracts are variable flexible premium deferred annuity contracts and are substantially similar in all material respects. Future Contracts funded by any Account of Future Account will be substantially similar to the Contracts in all material respects. Registered representatives of PIMS and affiliated or unaffiliated broker-dealers with which PIMS enters into selling agreements will sell the Contracts. The Contracts may be issued on a non-tax qualified basis or in connection with retirement plans that qualify for favorable federal income tax treatment under Section 408 of the Internal Revenue Code as an individual retirement plan. The Contracts provide a choice of features, including a guaranteed minimum death benefit and a guaranteed minimum income benefit, which are elected at issue. The benefits under each of these features are based on the protected value option that is elected. Depending upon the terms of the Contract, the protected value is either the highest contract value on any contract anniversary ("Step-Up"), purchase payments credited with a 5% effective annual rate of interest ("Roll-Up"), or the greater of the Step-Up and Roll-Up. The Contracts provide for various withdrawal options, annuity benefits and payout annuity options, as well as transfer privileges among the investment options, dollar cost averaging, and other features.

6. A Contract may be purchased with a minimum initial payment of \$10,000. Subsequent purchase payments must be

at least \$1,000. The initial annual purchase payment and aggregate maximum purchase payment limit is generally \$20 million, and the maximum purchase payment in any year subsequent to the first is generally \$2 million.

7. Each time an Insurance Company receives a purchase payment under the Contracts, it will allocate to the contract value a credit equal to a percentage of each purchase payment received (a "Credit"). The Credit percentage will equal 4%. The Credit will be allocated among the variable investment options in the same percentages as the purchase payment to which it relates. Each Credit is subject to its own vesting schedule. If a withdrawal is made of all or part of a purchase payment, the non-vested portion of the Credit attributable to that purchase payment will be recaptured according to the following schedule:

Number of contract anniversaries since date of purchase payment	Vested percentage
0	0
1	10
2	20
3	30
4	40
5	50
6	60
7	100

Under some versions of the Contracts, the Credit may vest sooner. In no event, however, will the percentage of the Credit that has vested after a given number of Contract Anniversaries be less than the percentage stated in this paragraph. The Credit recapture is in addition to any withdrawal charge that may be applicable. For purposes of the bonus recapture, withdrawals of purchase payments are taken on a first-in first-out basis, and all purchase payments are withdrawn before earnings are withdrawn.

8. Each Insurance Company will fund Credits from its general account assets. An Insurance Company will recapture the non-vested portion of the Credits under the following circumstances: (a) A withdrawal or surrender is made during the vesting period applicable to the Credit, (b) the Contract is canceled under the "free look" provision; (c) death occurs within one year of a purchase payment; or (d) annuitization occurs during the vesting period applicable to the Credit. If the calculation of the death benefit occurs within one year of a purchase payment, then in calculating the death benefit payable, the contract value will be adjusted to recapture the non-vested Credit attributable to that purchase

payment. Any Credit applied one year or more prior to the date of death will not be subject to recapture.

9. Owners of the Contracts may allocate their purchase payments among 25 subaccounts of the Accounts, and each subaccount will invest in shares of a corresponding portfolio (each, a "Portfolio" of an open-end, diversified series management investment company registered under the Act (each, a "Fund," and collectively, the "Funds"). The funds currently available under the Contracts are The Prudential Series Fund, Inc., and Janus Aspen Series. At a later date, the Insurance Companies may create additional subaccounts of the Accounts to invest in additional Portfolios, or other such underlying portfolios or other investments as may now or in the future be available. Similarly, subaccounts of the Accounts may be combined or eliminated from time to time. Future Contracts may offer Funds managed by the same as well as other investment advisers.

10. The Contracts provide for a withdrawal charge equal to a percentage of purchase payments surrendered that declines according to the following schedule.

Contract anniversaries since purchase payment	Withdrawal charge (in percent)
0	7
1	7
2	7
3	6
4	5
5	4
6	3
7	2
8	1
9	0

Some Contract may offer lower withdrawal charges. In no event will the withdrawal charge after a given number of Contract Anniversaries be greater than the percentage set forth in this paragraph. A "charge-fee" amount, generally equal, on an annual basis, to 10% of the excess of purchase payments over withdrawals and applied on a first-in first-out basis, is exempt from the withdrawal charge.

11. Other charges under the Contracts are: (a) Asset-based mortality and expense risk charges at annual rates of 1.40% for the base death benefit, 1.60% for the guaranteed minimum death benefit with either the Step-Up or the Roll-Up, and 1.70% for the guaranteed minimum death benefit with the greater of the Step-Up and the Roll-Up assessed pro-rata against the net assets of each subaccount; (b) for Contracts where the guaranteed minimum income benefit

feature has been elected, a charge at a current annual rate of 0.25% of the protected value for either the Step-Up or the Roll-Up and 0.35% for the greater of the Step-Up and Roll-Up, which is deducted proportionally from the net assets of each subaccount on each Contract Anniversary and pro-rata upon partial withdrawals (when the remaining contract value is less than the amount of the charge), and upon surrender of the Contract; (c) an annual contract maintenance charge of up to \$60, which is deducted proportionally from the assets invested in each subaccount; (d) in those jurisdictions in which premium taxes are assessed, a charge to cover these taxes, either when the contract is issued or when annuity payment begin; and (e) for each transfer among subaccounts after the twelfth in a single contract year, a charge of up to \$30 assessed pro rata from the subaccounts involved in the transfer. The underlying Funds each impose investment management fees and charges for other expenses.

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 an Insurance Company that issues Contracts that provide for Credits upon the receipt of purchase payments, to recapture all or the unvested portion of certain Credits in the following instances: (a) A withdrawal or surrender is made during the vesting period applicable to the Credit; (b) the Contract is canceled under the free look provision; (c) death occurs within one year of a purchase payment; or (d) annuitization occurs during the vesting period applicable to the Credit.

Applicant's 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 requested exemptions with respect to the Contracts, and any Future Contracts funded by the Accounts or Future Accounts that are issued by the Insurance Companies and underwritten or distributed by PIMS or Affiliated Broker-Dealers. Applicants undertake that Future Contracts funded by the

Accounts or any Future 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 Credit amount in the subaccounts after the Credit is applied. The asset-based charges applicable to the subaccounts will be assessed against the entire amounts held in the respective subaccounts, including the Credit amount, during the period when the owner's interest in the Credit is not completely vested. 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 Credit.

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 such a separate account or sponsoring insurance company to sell a contract funded by the registered separate account unless 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 recapture of the Credit amount in the circumstances set forth in the application would not deprive an owner of his or her proportionate share of the issuer's current net assets. An owner's interest in the amount of any Credits allocated upon receipt of purchase payments is not fully vested until the vesting period for that purchase payment has expired. Until the right to recapture the Credit has expired and any Credit amount is completely vested, the Insurance Companies retain the right and interest in the Credit amount, although not in the earnings attributable to that amount. Thus, when the Insurance Companies recapture any Credit, they are merely retrieving their own assets, and the owner has not been deprived of a proportionate share of the

applicable Account's assets, because his or her interest in the Credit amount has not vested. With respect to Credit recaptures upon the exercise of the free-look privilege, it would be unfair to allow an owner exercising that privilege to retain a Credit amount under a Contract that has been returned for a refund after a period of only a few days. If the Insurance Companies could not recapture the Credit, individuals could purchase a Contract with no intention of retaining it, and simply return it for a quick profit. The recapture of Credits relating to purchase payments made within one year prior to death or after death is designed to provide the Insurance Companies with a measure of protection against "anti-selection." The risk here is that, rather than spreading purchase payments over a number of years, an owner will make very large payments shortly before death, thereby leaving the Insurance Companies less time to recover the cost of the Credits applied, to their financial detriment. Again, the amounts recaptured equal the Credits provided by each Insurance Company from its own general account assets, and any gain would remain as part of the Contract's value when annuity payments begin.

5. Applicants submit that the provisions for recapture of any Credits 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. Indeed, Applicants believe that a contrary conclusion would be inconsistent with a stated purpose of the National Securities Markets Improvement Act of 1996 ("NSMIA"), which is "to amend the [Act] to provide more effective and less burdensome regulation." Sections 26(e) and 27(i) were added to the Act pursuant to Section 205 of NSMIA to implement the purposes of NSMIA and the Congressional intent. Thus, the application of a Credit to purchase payments made under the Contracts should not raise any questions as to each Insurance Company's compliance with the provisions of Section 27(i). Nevertheless, to avoid any uncertainties, Applicants request an exemption from Sections 2(a)(32) and 27(i)(2)(A), to the extent deemed necessary, to permit the recapture of any Credit under the circumstances described herein with respect to the Contracts and any Future Contracts, without the loss of the relief from Section 27 provided by Section 27(i).

6. Section 22(c) of the Act authorizes the Commission to make rules and regulations applicable to registered investment companies and to principal underwriters of, and dealers in, their

redeemable securities to accomplish the same purposes as contemplated by Section 22(c). 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 such security for redemption or of an order to purchase or sell such security.

7. An Insurance Company's recapture of the Credit might arguably be viewed as resulting in the redemption of redeemable securities for a price other than one based on the current net asset value of the Accounts. Applicants contend, however, that the recapture of the Credit does not violate Section 22(c) and Rule 22c-1. Applicants argue that the recapture of the Credit does not involve either of the evils that Rule 22c-1 was intended to eliminate or reduce as far as reasonably practicable, 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. These evils were the result of backward pricing, the practice of basing the price of a mutual fund share on the net asset value per share determined as of the close of the market on the previous day. Backward pricing allowed investors to take advantage of increases or decreases in net asset value that were not yet reflected in the price, thereby diluting the value of outstanding mutual fund shares. The proposed recapture of the Credit poses no such threat of dilution. To effect a recapture of a Credit, an Insurance Company will redeem interests in an owners' annuity account at a price determined on the basis of the current net asset value of the respective Accounts. The amount recaptured will equal the amount of the Credit that the Insurance Company paid out of its general account assets. Although owners will be entitled to retain any investment gain attributable to the Credit, the amount of such gain will be determined on the basis of the current net asset value of the respective Accounts. Thus, no dilution will occur upon the recapture of the Credit. 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 Credit. Applicants contend that because neither of the harms that Rule 22c-1 was meant to address is found in the recapture of the Credit, Rule 22c-1 and Section 22(c) should have no application to any Credit. 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 Credit under the Contracts and Future Contracts.

8. Applicants represent that the Credit will be attractive to and in the interest of investors because it will permit owners to put an amount greater than their purchase payments to work for them in the selected variable investment options. Also, owners will retain any earnings attributable to the Credit and, unless any of the contingencies set forth on the Application apply, the principal amount of all Credit.

9. Applicants submit that the recapture of any Credit only applies in relation to the risk of anti-selection against an Insurance Company. "Anti-selection" can generally be described as a risk that Contract owners obtain an undue advantage based on elements of fairness to the Insurance Companies and the actuarial and other factors each takes into account in designing the Contracts. Each Insurance Company provides all Credits from its general account on a guaranteed basis. Thus, it undertakes a financial obligation that contemplates the retention of the Contracts by their owners over an extended period, consistent with the long-term nature of retirement planning. The Insurance Companies expect generally to recover their costs, including Credits, over an anticipated duration while a Contract is in force. An Insurance Company's right to recapture Credits applied to purchase payments made within a year of death protects the Insurance Company against the risk that owners will contribute larger amounts as they approach death to obtain the Credit, 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 by the Insurance Company must be reduced by the allocated Credits. Otherwise, purchasers could apply for Contracts for the sole purpose of exercising the free-look refund provision and making a quick profit.

10. Applicants submit that their request for an order that applies to any

Account or any Future Account established by an Insurance Company in connection with the issuance of Contracts and Future Contracts that are substantially similar to the Contracts described herein in all material respects, and underwritten or distributed by PIMS or Affiliated Broker-Dealers, is appropriate in the public interest. 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. 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 this Application. Having Applicants file additional applications would impair Applicants' ability effectively to take advantage of business opportunities as they arise.

11. Applicants undertake that Future Contracts funded by Accounts or by Future Accounts that seek to rely on the order issued pursuant to this Application will be substantially similar to the Contracts in all material respects.

Conclusion

Sections 6(c) of the Act, in pertinent part, provides that the Commission, by order upon application, may conditionally or unconditionally exempt under persons security or transaction, or any class or classes or persons, securities or transactions, from any provision or provisions of the Act, or any rule or regulation thereunder, 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 submit that, based upon the facts and for the reasons set forth above, their exemptive requests meet the standards set out in Section 6(c) and that an order should, therefore, be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-23485 Filed 9-12-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43244; File No. SR-OCC-00-06]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Clearing Fees Charged for Established Products Effective September 1, 2000

September 5, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on August 10, 2000, The Options Clearing Corporation ("OCC") 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 primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

OCC is proposing to reduce its levels of clearing fees which are charged for established products effective September 1, 2000.

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

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

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

OCC is proposing to reduce the clearing fees charged for established products. During the first half of 2000, OCC experienced a record volume of options cleared. As a result, OCC proposes to reduce its clearing fees, effective September 1, 2000, as follows:

¹ 15 U.S.C. 78s(b)(1).

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