From	Through	Interest rate (percent)
7/1/96	3/31/98	9
4/1/98	12/31/98	8
1/1/99	3/31/99	7
4/1/99	3/31/00	8
4/1/00	3/31/01	9
4/1/01	6/30/01	8
7/1/01	12/31/01	7
1/1/02	12/31/02	6
1/1/03	6/30/03	5

Underpayments and Overpayments of Multiemployer Withdrawal Liability

Section 4219.32(b) of the PBGC's regulation on Notice, Collection, and Redetermination of Withdrawal Liability (29 CFR part 4219) specifies the rate at which a multiemployer plan is to charge or credit interest on underpayments and overpayments of withdrawal liability under section 4219 of ERISA unless an applicable plan provision provides otherwise. For interest accruing during any calendar quarter, the specified rate is the average quoted prime rate on short-term commercial loans for the fifteenth day (or the next business day if the fifteenth day is not a business day) of the month preceding the beginning of the quarter, as reported by the Board of Governors of the Federal Reserve System in Statistical Release H.15 (''Selected Interest Rates''). The rate for the second quarter (April through June) of 2003 (*i.e.*, the rate reported for March 17, 2003) is 4.25 percent.

The following table lists the withdrawal liability underpayment and overpayment interest rates for the specified time periods:

From	Through	Interest rate (percent)
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
4/1/00	6/30/00	8.75
7/1/00	3/31/01	9.50
4/1/01	6/30/01	8.50
7/1/01	9/30/01	7.00
10/1/01	12/31/01	6.50
1/1/02	12/31/02	4.75
1/1/03	6/30/03	4.25

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 May 2003 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 10th day of April 2003.

Joseph H. Grant,

Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation.

[FR Doc. 03–9193 Filed 4–14–03; 8:45 am]

BILLING CODE 7708–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–25998; File No. 812–11760]

Pacific Life Insurance Company, et al.; Notice of Application

April 9, 2003.

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

ACTION: Notice of an application for exemption pursuant to section 6(c) of the Investment Company Act of 1940 (the ''1940 Act'') granting exemptions from the provisions of section 2(a)(32), 22(c) and 27(i)(2)(A) of the 1940 Act and rule 22c–1 thereunder.

APPLICANTS: Pacific Life Insurance Company (''Pacific Life''); Separate Account A of Pacific Life (''Pacific Separate Account A''); Pacific Select Variable Annuity Separate Account of Pacific Life Insurance Company (''PSVA Separate Account''); Pacific Life and Annuity Company (''PL&A'') (together with Pacific Life the ''PL Insurers''); Separate Account A of Pacific Life and Annuity Company (''PL&A Separate Account A'') (together with Pacific Separate Account A, PSVA Separate Account, and any other separate account of Pacific Life, PL&A or any life insurance company that is a successor in interest to PL Insurers, the ''Separate Accounts''); and Pacific Select Distributors, Inc. (''PSD'') (collectively referred to herein as ''Applicants'').

SUMMARY OF APPLICATION: Applicants seek an order to permit, when contracts are returned during the free look period, (i) the recapture of certain credit enhancements (''Credit Enhancements'') applied to the ''Contract Value'' (as defined herein) of Contractholders [1] under: (a) Pacific Value variable annuity, a flexible premium deferred variable annuity contract that Pacific Life issues through Pacific Separate Account A (''Pacific Value''), and (b) other Variable Contracts and any Future Variable Contracts offered by a Future Account, provided that any such Variable Contract or Future Variable Contract is substantially similar in all material respects to Pacific Value; and (ii) the recapture of any amounts credited under Pacific Portfolios variable annuity (''Pacific Portfolios''), Pacific Innovations Select variable annuity (''Pacific Innovations Select''), and Pacific One variable annuity (''Pacific One''), each a flexible premium deferred variable annuity contract funded by Pacific Separate Account A; Pacific Select Variable Annuity, a flexible premium deferred annuity and variable accumulation contract funded by Pacific Select Variable Annuity Separate Account (''PSVA''), Pacific Innovations Select variable annuity, a flexible premium deferred variable annuity contract funded by PL&A Separate Account A (''PL&A Innovations Select''), or any Variable Contract or Future Variable Contract that is sold to Contractholders in situations where selling and/or maintenance costs associated with the Variable Contracts are reduced (''Cost Reduction Credit'') or to Contractholders who meet certain criteria as established by the relevant PL Insurer (''Eligible Person Credit''), provided that any such Variable Contract or Future Variable Contract is substantially similar in all material respects to PSVA, Pacific Portfolios, Pacific One, Pacific Innovations Select or PL&A Innovations Select.

FILING DATES: The Application was filed with the SEC on August 24, 1999 and amended and restated on March 28, 2000, April 30, 2002, November 25, 2002 and April 8, 2003.

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 by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m., on May 1, 2003, and should be accompanied by proof of service on Applicants, in the form of an affidavit, or, for lawyers, a certificate of service.

[1] The term ''Contractholder'' refers to contractholders of any variable annuity contract funded by a Separate Account (each, a ''Variable Contract'' and collectively, ''Variable Contracts''), and also to contractholders of any variable annuity contract funded in the future by a Separate Account or a separate account that will be established in the future by a PL Insurer to support variable annuity contracts issued by a PL Insurer (''Future Account'') (collectively, ''Future Variable Contracts'').

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 SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549–0609. Applicants: Robin S. Yonis, Esq., Pacific Life Insurance Company, 700 Newport Center Drive, Newport Beach, California 92660.

FOR FURTHER INFORMATION CONTACT: Mark Cowan, Senior Counsel, or Zandra Y. Bailes, Branch Chief, at (202) 942–0670 (Division of Investment Management, Office of Insurance Products).

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 SEC, 450 Fifth Street, NW., Washington, DC, 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. Pacific Life is a life insurance company that is domiciled in California. Along with subsidiaries and affiliates, Pacific Life's operations include life insurance, annuities, pension and institutional products, group employee benefits, broker/dealer operations and investment advisory services. Pacific Life is authorized to conduct life insurance and annuity business in the District of Columbia and all states except New York. Its principal offices are located at 700 Newport Center Drive, Newport Beach, California 92660.

2. Pacific Separate Account A was established on September 7, 1994 as a segregated asset account of Pacific Life and is registered with the Commission as a unit investment trust. Pacific Life is the legal owner of the assets in Pacific Separate Account A. Pacific Separate Account A currently has 37 subaccounts or ''Variable Investment Options.'' Each Variable Investment Option invests in a corresponding series of Pacific Select Fund (''Select Fund''), an open-end registered management investment company for which Pacific Life serves as investment adviser, or The Prudential Series Fund, Inc., an open-end registered investment company for which Prudential Investments Fund Management LLC serves as investment adviser. Pacific Separate Account A funds the variable benefits available under Pacific Value, Pacific Innovations Select, Pacific Portfolios, Pacific One, Pacific One Select variable annuity (''Pacific One Select''), Pacific Innovations variable annuity (''Pacific Innovations''), and Pacific Odyssey variable annuity (''Pacific Odyssey''). Interests in Pacific Separate Account A under Pacific Value, Pacific Innovations Select, Pacific Portfolios, Pacific One, Pacific One Select, Pacific Innovations, and Pacific Odyssey are registered under the Securities Act of 1933, as amended (the ''1933 Act'').

3. PSVA Separate Account was established by Pacific Life on November 30, 1989 as a segregated asset account of Pacific Life and is registered with the Commission as a unit investment trust. Pacific Life is the legal owner of the assets in PSVA Separate Account. Each Variable Investment Option invests in a corresponding series of Select Fund. PSVA Separate Account currently has 33 Variable Investment Options. PSVA Separate Account currently funds the variable benefits available under PSVA. Interests in PSVA Separate Account are registered under the 1933 Act.

4. PL&A is a life insurance company domiciled in Arizona. PL&A's operations include life insurance, annuity and institutional products, group life and health insurance and various other insurance products and services. At the end of 2002, PL&A's total statutory assets were $854 million. PL&A is authorized to conduct life insurance and annuity business in Arizona, New York and certain other states. PL&A's principal office is located at 700 Newport Center Drive, Newport Beach, California 92660.

5. PL&A Separate Account A was established by PL&A on January 25, 1999 as a segregated asset account of PL&A and is registered with the Commission as a unit investment trust. PL&A is the legal owner of the assets in PL&A Separate Account A. Each Variable Investment Option invests in a corresponding series of Select Fund. PL&A Separate Account A currently has 33 Variable Investment Options. PL&A Separate Account A currently funds the variable benefits available under PL&A Innovations Select. Interests in PL&A Separate Account A are registered under the 1933 Act.

6. PSD, a wholly-owned subsidiary of Pacific Life, serves as the principal underwriter for the Variable Contracts issued by the PL Insurers. It is also anticipated that PSD will serve as the principal underwriter for any Future Variable Contracts issued by the PL Insurers. PSD is registered with the Commission as a broker/dealer under the Securities Exchange Act of 1934, as amended. The PL Insurers and PSD have entered into selling agreements with various broker/dealers, under which such broker/dealers act as agents of the relevant PL Insurer and PSD in the sale of the relevant PL Insurer's Variable Contracts.

7. Pacific Value offers a ''Credit Enhancement'' feature under which Pacific Life automatically adds an amount to each Contractholder's overall ''Contract Value'' at the time any amount is paid to Pacific Life by or on behalf of the Contractholder as consideration of the benefits provided under the Variable Contract (referred to herein as ''Purchase Payments''). The term ''Contract Value'' refers to the sum (as calculated at the end of each business day) of: (i) The aggregate amount of Purchase Payments and any prior Credit Enhancements, and any earnings or losses thereon, less any fees and charges, held for a Contractholder's Variable Contract in any Variable Investment Option; (ii) the aggregate amount of Purchase Payments and any prior Credit Enhancements, and any interest earned thereon, less any fees and charges held for a Contractholder's Variable Contract in any fixed option available under his or her Variable Contract; (iii) the amount, including any interest accrued, held to secure the principal amount the Contractholder has on any outstanding loan under his or her Variable Contract; less (iv) the amount, including any associated withdrawal charge, of any withdrawal from the Variable Contract.

8. Credit Enhancements are allocated among a Contractholder's investment options then in effect in the same proportion that the applicable Purchase Payment is allocated. The Credit Enhancement with respect to each Purchase Payment is based on the Contractholder's total Purchase Payments made into Pacific Value less total withdrawals, including any withdrawal charges, from Pacific Value as of the date the Purchase Payment is applied. The Credit Enhancement available under Pacific Value, expressed as a percentage of the relevant Purchase Payment is set forth below:

	Credit Enhancement (percent)
Contracts issued on or after April 1, 2000; Total Purchase Payments Less Total Withdrawals:	
Less than $250,000	4.0
$250,000 or more	5.0
Contracts issued before April 1, 2000; Total Purchase Payments Less Total Withdrawals:	
Less than $100,000	3.0
At least $100,000 but less than $2.5 million	4.0
$2.5 million or more	5.0

9. PL Insurers may agree to credit a Cost Reduction Credit under the Variable Contracts (other than Pacific Innovations), in situations where selling and/or maintenance costs associated with the Variable Contracts are reduced, such as the sale of several Variable Contracts to the same Contractholder(s), sales of large Variable Contracts, sales of Variable Contracts in connection with a group or sponsored arrangement or mass transactions over multiple Variable Contracts. The amount of any Cost Reduction Credit will be determined based upon the amount of reduction in the selling and/or maintenance cost associated with the sale of that particular Variable Contract. A Cost Reduction Credit may be applied at the time that a Purchase Payment is made. Any Cost Reduction Credit applied at that time will not exceed 1.45% of the amount of such Purchase Payment. Alternatively, Cost Reduction Credits may be credited on the basis of Contract Value. Any Cost Reduction Credit credited on the basis of Contract Value will not exceed 1.45% of Contract Value at the time that it is credited.

10. PL Insurers may agree to credit an Eligible Person Credit under the Variable Contracts (other than Pacific One Select) owned by persons who meet criteria established by the relevant PL Insurer. These persons may include current and retired officers, directors and employees of Pacific Life and its affiliates, trustees of Pacific Select Fund, registered representatives and employees of broker/dealers with a current selling agreement with Pacific Life or PL&A, respectively, and the affiliates of those broker/dealers, employees of affiliated asset management firms and certain other service providers, and immediate family members of such persons (collectively referred to as ''Eligible Persons''). Under the Eligible Person Credit Program, the relevant PL Insurer credits additional amounts to Pacific Innovations Select, Pacific Portfolios, PSVA or PL&A Innovations Select Variable Contracts owned by Eligible Persons if such Variable Contracts are purchased directly through PSD. Under these circumstances, Eligible Persons will not be afforded the benefit of services of any other broker/dealer nor will any commission be payable to any broker/dealer in connection with such purchases. Rather, Eligible Persons must contact the relevant PL Insurer or PSD directly with servicing questions, changes in their Variable Contracts and related matters. Eligible Persons are currently credited with a 5% Eligible Person Credit on each Purchase Payment plus a 0.25% (annualized) Credit of Contract Value, payable quarterly in advance, from the second Contract Year through the third Contract Year for Pacific Innocations Select and PL&A Innovations Select and a 1% (annualized) Credit of Contract Value, payable quarterly in advance from the fourth Contract Year until annuitization, on an annual basis. Eligible Person who are Pacific Portfolios or PSVA Contractholders are currently credited with a 5% Eligible Person Credit on each Purchase Payment plus a 0.25% (annualized) Eligible Person Credit on Contract Value from the second Contract Year through the fifth Contract Year for PSVA (sixth Contract Year for Pacific Portfolios) on a quarterly basis, and a 1% (annualized) Eligible Person Credit on Contract Value from the sixth Contract Year for PSVA (seventh Contract Year for Pacific Portfolios) until annuitization, payable quarterly. The amount currently credited to Variable Contracts owned by Eligible Persons will approximate the reduction in expenses realized by the relevant PL Insurer by not incurring brokerage commission in selling such Variable Contracts, with the determination of the expense reduction and of such crediting being made in accordance with administrative procedures established by the relevant PL Insurer.

11. In the future, PL Insurers may credit Contracts issued to Eligible Persons with Eligible Person Credits greater than 5% of each Purchase Payment, except that with respect to Purchase Payments made during: (i) The relevant free look period; and (ii) after the relevant free look period has expired, but during the first Contract month, the amount of any Eligible Person Credit will be limited to no more than 9% of such Purchase Payment.

12. Although the PL Insurers are seeking to offer Credit Enhancements, Eligible Person Credits and Cost Reduction Credits (collectively, ''Credits'') through Variable Contracts and Future Variable Contracts, no PL Insurer will apply more than one Credit to the Contract Value of a Contractholder's Variable Contract or Future Variable Contract. Thus, if a PL Insurer applies the Credit Enhancement to the Contract Value of a particular Variable Contract or Future Variable Contract, it will not also apply an Eligible Person Credit or a Cost Reduction Credit. Similarly, if a PL Insurer applies the Eligible Person Credit to the Contract Value of a particular Variable Contract or Future Variable Contract, it will not also apply a Cost Reduction Credit or a Credit Enhancement. If a PL Insurer offers a Cost Reduction Credit to the Contract Value of a particular Variable Contract or Future Variable Contract, it will not also apply an Eligible Person Credit or a Credit Enhancement.

13. The Variable Contracts issued by the PL Insurers permit Contractholders to cancel their Variable Contracts and to receive a refund during the ''free look'' period, which is mandated by state law. The free look period for Variable Contracts issued by the PL Insurers generally is a 10-day period beginning on the day a Contractholder receives his or her Variable Contract.[2] Where a Contractholder returns a Variable Contract during the free look period, the Variable Contract will be canceled and treated as void from the Contract Date.

14. In most instances, a Contractholder who returns a Variable Contract during the free look period is entitled to a refund of his or her Contract Value, as of the end of the business day on which the PL Insurer received a Contractholder's Variable Contract for cancellation.[3] Contractholders for all Variable Contracts issued by PL Insurers (other than PSVA) generally will also receive a refund of any amounts that may have been deducted to pay for state premium taxes and/or other taxes. PSVA Contractholders who exercise their free-look rights are entitled to, in addition to a refund of Contract Value, a refund of any Variable Contract charges and fees deducted from the portion of their Contract Value allocated to Variable Investment Options.

15. There are two circumstances under which the Contract Value returned to a Contractholder who returns his or her Variable Contract during the free look period will be subject to certain additional deductions. First, the amount of any Credit Enhancement added to the Contract Value of a Pacific Value Contractholder

[2] Certain states require longer free look periods with respect to variable annuity contracts.

[3] Under the laws of a number of states, if free look rights are exercised within the allotted time, the sponsoring insurance company is required to refund a Contractholder's Purchase Payment allocated to the Variable Investment Options available under the Separate Account, instead of the value of the Variable Investment Options on the date the Variable Contract is returned. In those states, if a Contractholder exercises his free look rights when his Contract Value is less than the amount of his Purchase Payments, Pacific Life bears the risk of loss. Pacific Life currently allocates Purchase Payments during the free-look period to the investment options selected by the Contractholder, in accordance with the Contractholder application or the Contractholder's most recent allocation instructions, regardless of whether Pacific Life is required to refund a Contractholder's Purchase Payment or the value of the Variable Investment Options if a Contractholder exercises his free look rights.

will be deducted if the Contractholder returns the Variable Contract during the free look period. Second, any Cost Reduction Credit or Eligible Person Credit that is added to the Contract Value of a Pacific One, Pacific Portfolios, PSVA, Pacific Innovations Select and PL&A Innovations Select Contractholder who returns his or her Variable Contract during the free look period will also be deducted from the amount ultimately returned to the Contractholder.

16. The relief sought in the Application is intended to permit PL Insurers to deduct the amounts of any Credit Enhancement, Cost Reduction Credit or Eligible Person Credit added to the Contract Value of any Variable Contract or Future Variable Contract, funded by a Separate Account or a Future Account, offering such credits in cases where Contractholders return their Variable Contract or Future Variable Contract during the free look period.

17. Under the current practice in effect for each applicable Variable Contract, the amount of the Credit Enhancement or the Eligible Person Credit added to a Contractholder's Contract Value is returned to a PL Insurer where free look rights are exercised, together with any gains or losses on the amount credited.[4] In addition, PSVA Contractholders receive any Contract fees and charges that Pacific Life may have deducted from the credited amounts.

18. If the relief sought in the Application is granted, Applicants would change the amount that Contractholders with any Credit Enhancement, Cost Reduction Credit or Eligible Person Credit would receive if they exercised their rights under the applicable free look policy. If the relief applied for in the Application is granted, Contractholders exercising their free look rights would not receive the amounts added to their Contract Value in the form of Credit Enhancements, Cost Reduction Credits or Eligible Person Credits, but such Contractholders would realize the gains or incur the losses on the credit amounts.

Applicants' Legal Analysis

1. Applicants seek exemptive relief pursuant to section 6(c) from sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and rule 22c–1 thereunder to the extent deemed necessary to permit the PL Insurers: (1) To recapture any Credit Enhancement when a Contractholder returns a Variable Contract and/or Future Variable Contract during the free look period; and (2) to recapture any Cost Reduction Credits and Eligible Person Credits when a Contractholder returns a Variable Contract or Future Variable Contract during the free look period.

2. Subsection (i) of section 27 of the 1940 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 separate account, except as provided in paragraph (2) of that 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 "(A) such contract is a redeemable security."

3. Section 2(a)(32) of the 1940 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 or her proportionate shares of the issuer's current net assets, or the cash equivalent thereof.

4. Because the amount returned to a Contractholder who cancels a Variable Contract during the free look period does not include the amount of any Credit Enhancement, Cost Reduction Credit or Eligible Person Credit conditionally added to the Contractholder's Contract Value, the Contractholder arguably is not receiving his or her proportionate share of the applicable Separate Account's then-current net assets. Applicants assert, however, that the recapture of the Credit Enhancement offered under Pacific Value or the Cost Reduction Credit and the Eligible Person Credit offered under the Variable Contracts, as described in the Application, would not deprive a Contractholder of his or her proportionate share of the issuer's current net assets. Any Credit Enhancements, Cost Reduction Credits or Eligible Person Credits added to the Contract Value of a Contractholder are expressly conditioned on the Contractholder's decision to keep the Variable Contract beyond the free look period. Further, Applicants assert that a Contractholder's interest in the amount of a Credit Enhancement, Cost Reduction Credit or an Eligible Person Credit allocated to his or her Contract Value is not vested until the applicable free look period has expired without return of the Variable Contract in question. Unless and until the amount of the Credit Enhancement, Cost Reduction Credit or Eligible Person Credit is vested (*i.e.,* at the end of the free look period), Applicants believe that the relevant PL Insurer retains the right and interest in the amount of the Credit Enhancement, Cost Reduction Credit or the Eligible Person Credit.

5. Applicants further contend that it would be patently unfair to allow a Contractholder exercising his or her free look right to retain the Credit Enhancement or the Cost Reduction Credit or the Eligible Person Credit under a Variable Contract that has been returned for a refund after a period of only a few days. If PL Insurers could not recapture the amounts of such credits, individuals could purchase a Variable Contract, and simply return it for a quick profit. This could deter PL Insurers from offering the Credit Enhancement, the Cost Reduction Credit and Eligible Credit under Variable Contracts or Future Variable Contracts.

6. Moreover, because the amount of the Credit Enhancement, Cost Reduction Credit or Eligible Person Credit is not vested during the free look period, Applicants state that it is arguable that any earnings or losses attributable to these credits should also be returned to the relevant PL Insurer as the sponsoring insurance company. PL Insurers have taken and will continue to take this approach unless and until the relief requested under the Application is granted. However, if and when the Commission grants the relief requested in the Application, any gains or losses attributable to the amount of the Credit Enhancement, Cost Reduction Credit or the Eligible Person Credit will be allocated to the Contractholders.

7. 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 to accomplish the same purposes as contemplated by section 22(a). Rule 22c–1 thereunder prohibits a registered investment company issuing a redeemable security, a person designated in such issuer's prospectus as authorized to consummate transactions in 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.

[4] However, if the amount of a Credit Enhancement, Cost Reduction Credit or Eligible Person Credit, together with any gains on such credits, exceed the withdrawal charge percentage applicable for a particular Variable Contract, the PL Insurer will refund the amount of the excess.

8. PL Insurers' recapture of the Credit Enhancement, the Cost Reduction Credit and the Eligible Person Credit in instances where a Contractholder returns a Variable Contract during the free look period 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 applicable Variable Investment Option of a Separate Account. In other words, because any such Credit Enhancements, Cost Reduction Credits and Eligible Person Credits credited by a PL Insurer are immediately added, on a conditional basis, to the Contract Value of certain Contractholders, and further because these amounts are allocated by the Contractholder to certain Variable Investment Options for the benefit of the participating Contractholder, the net asset value of each Variable Investment Option arguably is affected by these credits.

9. Applicants contend, however, that the recapture of the Credit Enhancement, Cost Reduction Credit and Eligible Person Credit under the circumstances described in this Application should not be deemed to be a violation of section 22(c) and rule 22c–1. To the extent that the recapture practices described in the Application are considered to be technical violations of these provisions, Applicants respectfully request relief from section 22(c) and rule 22c–1 in order to recapture Credit Enhancements, Cost Reduction Credits and Eligible Person Credits as discussed above for Variable Contracts and Future Variable Contracts cancelled during the free look period.

10. Applicants claim that the recapture of the Credit Enhancement, Cost Reduction Credit and the Eligible Person Credit does not involve either of the practices 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.

11. Applicants submit that the proposed recapture of the Credit Enhancement, Cost Reduction Credit and the Eligible Person Credit poses no such threat of dilution. To effect a recapture of a Credit Enhancement, Cost Reduction Credit or an Eligible Person Credit, PL Insurers redeem interests in a Contractholder's Variable Investment Option at a price determined on the basis of the current net asset value of each of the Variable Investment Options of the Separate Account in which the Contractholder's Contract Value is allocated. The amount recaptured will be equal to the amount of the Credit Enhancement, Cost Reduction Credit or the Eligible Person Credit paid out of the general account assets of the relevant PL Insurer. In those instances where applicable state law does not require the return of Purchase Payments, and thus permits Contractholders to retain any investment gain or to realize any investment loss, in the event of the exercise of a free look right, the amount refunded will be determined on the basis of the current net asset value of the various Variable Investment Options of the applicable Separate Accounts including gain or loss. Thus, Applicants believe that no dilution will occur upon the recapture of a Credit Enhancement, Cost Reduction Credit or an Eligible Person Credit.

12. Applicants also submit that the second practice 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 Enhancement, Cost Reduction Credit or the Eligible Person Credit.

Conclusion

Applicants submit that their request for an order for the exemptive relief described above is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–9158 Filed 4–14–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC 25999; File No. 812–12894]

Pruco Life Insurance Company, et al.; Notice of Application

April 9, 2003.

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

ACTION: Notice of application for an amended 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.

SUMMARY OF APPLICATION: Applicants seek an amendment of an Existing Order (described below) to permit the recapture of Credit amounts that differ from the Credit amounts contemplated by the Existing Order under the circumstances specified herein.

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

FILING DATE: The application was filed on October 15, 2002, and amended and restated on April 8, 2003.

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 by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on May 5, 2003, 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 SEC.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549–0609. Applicants, c/o The Prudential Insurance Company of America, 213 Washington Street, Newark, NJ 07102–2992, Attn: C. Christopher Sprague, Esq.

FOR FURTHER INFORMATION CONTACT: Joyce M. Pickholz, Senior Counsel, or William J. Kotapish, Assistant Director, at (202) 942–0670, Office of Insurance Products, Division of Investment Management.

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).