

initiative, grant exemption from the requirements of the regulations of this part, which are—(1) Authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security. (2) The Commission will not consider granting an exemption unless special circumstances are present.

10 CFR 50.12(a)(2)(ii) states that special circumstances are present when * * *

Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule * * *

IV

As noted in the staff's safety evaluation the licensee's proposed schedule for FSAR updates will ensure that the CPSES FSAR will be maintained current within 24 months of the last revision and will not exceed a 24 month interval for submission of the 10 CFR 50.59 design change report. The Commission has determined that, pursuant to 10 CFR 50.12, an exemption is authorized by law, will not present an undue risk to the public health and safety and is consistent with common defense or security, and is otherwise in the public interest. The Commission has also determined that special circumstances as defined in 10 CFR 50.12(a)(2)(ii). The Commission hereby grants the licensee an exemption from the requirement of 10 CFR 50.71(e)(4) to submit updates to the CPSES FSAR within six months of each outage. The licensee will be required to submit updates to the CPSES FSAR once per fuel cycle (based on the unit with the shortest interval between scheduled refueling outages), but not to exceed 24 months from the last submittal.

Pursuant to 10 CFR 51.32, the Commission has determined that granting of this exemption will have no significant effect on the quality of the human environment (60 FR 49293). This exemption is effective upon issuance.

Dated at Rockville, Maryland this 25th day of September 1995.

For The Nuclear Regulatory Commission.

Jack W. Roe,

*Director, Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation.*

[FR Doc. 95-24403 Filed 9-29-95; 8:45 am]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 21375; 811-6301]

Neuberger & Berman Series Trust; Notice of Application

September 25, 1995.

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

ACTION: Notice of application for deregulation under the Investment Company Act of 1940 (the "Act").

APPLICANT: Neuberger & Berman Series Trust.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring it has ceased to be an investment company.

FILING DATE: The application was filed on September 11, 1995.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on October 20, 1995, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, 605 Third Avenue, New York, New York 10158-0006.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end, non-diversified management investment company, organized as a business trust under the laws of the Commonwealth of Massachusetts. On April 19, 1991, applicant registered under the Act and filed a registration statement under the

Securities Act of 1933. Applicant's registration statement was never declared effective, and applicant has not issued any securities. The SEC has deemed applicant's registration statement to be abandoned.

2. Applicant has not, within the past 18 months, transferred any of its assets to a separate trust, the beneficiaries of which were or are securityholders of applicant. Applicant has no assets, debts or liabilities and has no securityholders. Applicant is not a party to any litigation or administrative proceedings.

3. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for the winding up of its affairs.

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

Margaret M. McFarland,

Deputy Secretary.

[FR Doc. 95-24347 Filed 9-29-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21374; File No. 812-9646]

Northbrook Life Insurance Company, et al.

September 25, 1995.

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

ACTION: Notice of application for an amended order under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Northbrook Life Insurance Company ("Northbrook"), Northbrook Variable Annuity Account II ("Variable Account"), and Dean Witter Reynolds, Inc. ("Dean Witter").

RELEVANT 1940 ACT SECTIONS: Amended order requested under Section 6(c) of the 1940 Act granting exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek to amend an order under Section 6(c) of the 1940 Act which exempted Applicants from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of the Variable Account in connection with the issuance and sale of certain variable annuity contracts (the "Contracts"). Applicants propose to amend the Contracts to provide an optional enhanced death benefit and to deduct an increased mortality and expense risk charge in connection therewith.

FILING DATE: The application was filed on June 28, 1995, and amended on September 15, 1995.

HEARING OR NOTIFICATION OF HEARING: An amended order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary 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 October 19, 1995, 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 requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicants, David E. Stone, Esq., Northbrook Life Insurance Company, 3100 Sanders Road, J5B, Northbrook, Illinois 60062.

FOR FURTHER INFORMATION CONTACT: Mark C. Amorosi, Attorney, or Wendy Finck Friedlander, Deputy Chief, at (202) 942-0670, Office of Insurance Products (Division of Investment Management).

SUPPLEMENTARY INFORMATION: Following is a summary of the application; the complete application is available for a fee from the Commission's Public Reference Branch.

Applicant's Representations

1. By order dated August 29, 1990 (the "Order"),¹ Applicants received relief pursuant to Section 6(c) of the 1940 Act exempting them from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to allow Northbrook to deduct from the Variable Account the mortality and expense risk charge imposed under the Contracts. Applicants propose amending the Contracts (the "Amended Contracts") to provide an optional enhanced death benefit and to deduct an increased mortality and expense risk charge in connection therewith.

2. Northbrook, the depositor and sponsor of the Variable account, is a stock life insurance company organized under the laws of Illinois in 1978. Northbrook is a wholly-owned subsidiary of Allstate Life Insurance Company which is a wholly-owned subsidiary of Allstate Insurance Company. Northbrook sells annuities and individual life insurance and is

licensed to operate in the District of Columbia, all states (except New York) and Puerto Rico.

3. The Variable Account was established by Northbrook as a segregated investment account under the laws of Illinois on May 18, 1990, pursuant to a resolution of the Board of Directors, as a funding medium for variable annuity contracts. The Variable Account is registered under the 1940 Act as a unit investment trust. The Variable Account is divided into eleven subaccounts, each of which invests solely in a corresponding portfolio (the "Portfolios") of the Dean Witter Variable Investment Series (the "Fund"). Each Portfolio has different investment objectives and policies and operates as a separate investment fund.

4. Dean Witter, a member of the National Association of Securities Dealers and New York Stock Exchange, is the principal underwriter for the Contracts and is intended to be the principal underwriter of the Amended Contracts. Dean Witter is a wholly-owned subsidiary of Dean Witter, Discover & Co.

5. Applicants state that the Amended Contracts are identical to the Contracts with the exception of the death benefit provided and the mortality and expense risk charge imposed in connection therewith. Under the Contracts, if the owner or the last surviving annuitant dies prior to the payout start date, the death benefit (the "Standard Death Benefit") will be the greatest of (a) the sum of all purchase payments less any amounts deducted in connection with partial withdrawals including any applicable early withdrawal charges or premium taxes; or (b) the cash value on the date that Northbrook receives due proof of death; or (c) the cash value on the most recent death benefit anniversary less any amounts deducted in connection with partial withdrawals, including any applicable early withdrawal charges and premium taxes deducted from the cash value, since that anniversary. The death benefit anniversary is every sixth contract anniversary.

6. Applicants state that under the Amended Contracts, owners may elect an additional death benefit option (the "Enhanced Death Benefit") at the time of initial purchase. If the owner dies prior to the payout start date and has elected the Enhanced Death Benefit option, the amount payable will be the greater of the Standard Death Benefit or the Enhanced Death Benefit, which is calculated as follows:

(a) On the date of issue, the Enhanced Death Benefit is equal to the initial purchase payment.

(b) On each certificate anniversary, but not beyond the certificate anniversary preceding all owner(s)' 75th birthday, the Enhanced Death Benefit will be recalculated as follows:

(i) The Enhanced Death Benefit as of the prior certificate anniversary multiplied by 1.05 (which results in an increase of 5% annually).

(c) Further, for all ages, the Enhanced Death Benefit will be adjusted on each certificate anniversary, or upon receipt of a death claim, as follows:

(i) The Enhanced Death Benefit will be reduced by the percentage of any cash value withdrawn since the prior certificate anniversary.

(ii) Any additional purchase payments since the prior certificate anniversary will be added.

The Enhanced Death Benefit will never be greater than the maximum death benefit allowed by applicable state non-forfeiture laws. In addition, the Enhanced Death Benefit does not apply to the death of the annuitant if the annuitant is different from the owner.

7. Various fees and charges are deducted under the Amended Contracts. An annual contract maintenance charge of \$30 will be deducted from cash value to reimburse Northbrook for certain administrative expenses. This fee is guaranteed not to increase for the duration of the Amended Contract. A daily asset-based administration charge equal to an effective annual rate of 0.10% of the daily net assets in the Variable Account will be deducted to cover actual administrative expenses which exceed the revenues from the contract maintenance charge.

Applicants state that they will rely on the provisions of Rule 26a-1 under the 1940 Act for any exemptive relief necessary to permit the deductions for these administrative charges.

8. Northbrook reserves the right to deduct state premium taxes relative to the Amended Contract either (a) from premium payments as received, (b) upon a total withdrawal, or (c) at the payout start date. Premium taxes currently range from 0% up to 3.5%.

9. Certain full or partial withdrawals will be subject to a contingent deferred sales charge ("Early Withdrawal Charge") during the first six Amended Contract years as follows:

| Number of contract years since purchase payment being withdrawn was made | Applicable withdrawal charge percentage |
|--|---|
| 0 years | 6 |
| 1 year | 5 |
| 2 years | 4 |
| 3 years | 3 |
| 4 years | 2 |

¹ Release No. IC-17710 (Aug. 29, 1990).

| Number of contract years since purchase payment being withdrawn was made | Applicable withdrawal charge percentage |
|--|---|
| 5 years | 1 |
| 6 years or more | 0 |

Withdrawals are deemed to be from purchase payments on a first in, first out basis. The Early Withdrawal Charge will be deducted from the amount paid. Applicants state that there will be no Early Withdrawal Charge on the first withdrawal of each contract year on amounts up to the Free Withdrawal Amount, *i.e.*, 15% of purchase payments.

10. The Early Withdrawal Charge will be used to pay sales commissions and other promotional or distribution expenses associated with the marketing of the Amended Contracts. Applicants state that the Early Withdrawal Charge may not generate sufficient revenues to pay the cost of distributing the Amended Contracts. To the extent that the Early Withdrawal Charge is insufficient to cover all sales and distribution expenses, the deficiency will be met from Northbrook's general account, which may include profits derived from the mortality and expense risk charge.

11. Shares of the Portfolios are sold to the Variable Account at net asset value. The Fund pays its investment adviser a monthly fee for managing its investments and business affairs. Each Portfolio bears certain expenses.

12. A daily charge equal to an effective annual rate of 1.25% of the net assets in the Variable Account will be deducted to compensate Northbrook for bearing certain mortality and expense risks under the Contracts. Of that amount, approximately 0.85% is for mortality risks and approximately 0.40% is for the expense risk.

13. With respect to the amended Contracts, Northbrook intends to deduct an amount which will vary depending on the death benefit option elected by the owner. If the owner elects the Standard Death Benefit, Northbrook intends to deduct a mortality and expense risk charge equal on an annual basis to 1.25% of the daily net assets of the Variable Account. If the owner elects the Enhanced Death Benefit, the mortality and expense risk charge will be equal on an annual basis to 1.38% of the daily net assets of the Variable Account. Of that amount, approximately 0.98% (0.85% for the Standard Death Benefit and 0.13% for the Enhanced Death Benefit) is for mortality risks and approximately 0.40% is for the expense risk. Only owners who elect the

Enhanced Death Benefit will be assessed the 0.13% increase in the mortality risk charge.

14. Applicants represent that the level of the mortality and expense risk charges is guaranteed not to increase under the Contracts and the Amended Contracts. The mortality risk arises from Northbrook's guarantee to cover all death benefits and to make income payments in accordance with the income payment tables, thereby relieving the annuitants of the risk of outliving funds accumulated for retirement. The expense risk assumed by Northbrook is the risk that Northbrook's actual administrative costs will exceed the amount recovered through the administrative expense and contract maintenance charges. If the mortality or expense risk charges are insufficient to cover the actual costs, Applicants state that Northbrook will bear the loss. To the extent that the charges are in excess of actual costs, Applicants state that Northbrook, at its discretion, may use the excess to offset losses when the charges are not sufficient to cover expenses.

Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act authorizes the Commission to grant an exemption from any provision, rule or regulation of the 1940 Act to the extent that it 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 1940 Act. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in relevant part, prohibit a registered unit investment trust, its depositor or principal underwriter, from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, are deposited with a qualified bank and held under arrangements which prohibit any payment to the depositor or principal underwriter except a reasonable fee, as the Commission may prescribe, for performing bookkeeping and other administrative duties normally performed by the bank itself.

2. Pursuant to Section 6(c), Applicants request that the Commission amend the Order to grant exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit Northbrook to deduct mortality and expense risk charge of 1.38% from the assets of the Variable Account in connection with the issuance of the Amended Contracts for which the Enhanced Death Benefit option has been elected.

3. Applicants represent that the 1.25% mortality and expense risk

charge for the Standard Death Benefit is reasonable in relation to the risks assumed by Northbrook under the Amended Contracts and reasonable in amount as determined by industry practice with respect to comparable annuity products. Applicants state that this representation is based upon their analysis of publicly available information about comparable industry products, taking into consideration such factors as current charge levels and benefits provided, the existence of expense charge guarantees and guaranteed annuity rates. Northbrook represents that it will maintain at its home office, a memorandum, available to the Commission, setting forth in detail the products analyzed in the course of, and the methodology and results of, its comparative review.

4. Applicants represent that the mortality risk charge of 0.13% for the Enhanced Death Benefit is reasonable in relation to the risks assumed by Northbrook under the Amended Contracts. Applicants state that in making this determination, Northbrook conducted a large number of trials at various issue ages to determine the expected cost of the Enhanced Death Benefit. Hypothetical asset returns were projected using generally accepted actuarial simulation methods. For each asset return pattern generated, hypothetical accumulated values were calculated by applying the projected asset returns to the initial value in a hypothetical account. Each accumulated value so calculated was then compared to the amount of the Enhanced Death Benefit payable in the event of the hypothetical owners' death during the year in question. By analyzing the results of several such simulations, Applicants state that Northbrook was able to determine actuarially the level cost of providing the Enhanced Death Benefit. Based on this analysis, Northbrook determined that a mortality risk charge of 0.13% was reasonable for providing the Enhanced Death Benefit. Northbrook represents that the basis for this determination will be set forth in a memorandum which will be maintained at its home office and will be available to the Commission upon request.

5. Applicants acknowledge that the Early Withdrawal Charge may be insufficient to cover all costs relating to the distribution of the Amended Contracts. Applicants also acknowledge that, if a profit is realized from the mortality and expense risk charge, all or a portion of such profit may be available to pay distribution expenses not reimbursed by the Early Withdrawal Charge. Northbrook represents that there is a reasonable likelihood that the

proposed distribution financing arrangements will benefit the Variable Account and Amended Contract owners. Northbrook represents that the basis for that conclusion is set forth in a memorandum which will be maintained at its home office and will be available to the Commission upon request.

6. Northbrook represents that the Variable Account will invest only in management investment companies which undertake, in the event they should adopt a plan pursuant to Rule 12b-1 of the 1940 Act to finance distribution expenses, to have a board of directors or trustees, a majority of whom are not "interested persons" of the company within the meaning of Section 2(a)(19) of the 1940 Act, formulate and approve any such plan.

Conclusion

For the reasons set forth above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret M. McFarland,
Deputy Secretary.

[FR Doc. 95-24348 Filed 9-29-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21377; International Series
Release No. 859; 812-9728]

The Canadian Depository for Securities Limited and the Investment Dealers Association of Canada; Notice of Application

September 26, 1995.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: The Canadian Depository for Securities Limited ("CDS") and the Investment Dealers Association of Canada ("IDA").

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act that would exempt certain custodial arrangements from all provisions of the Act.

SUMMARY OF APPLICATION: Applicants request an order under section 6(c) to exempt the custodial arrangements for stripping certain Canadian debt securities from all provisions of the Act.

FILING DATES: The application was filed on August 22, 1995, and amended on September 20, 1995.

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 October 23, 1995 and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, CDS, 85 Richmond Street West, Toronto, Ontario, M5H 2C9 Canada; IDA, 121 King Street West, Suite 1600, Toronto, Ontario, M5H 3T9 Canada.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at (202) 942-0573, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. CDS is the major securities depository and clearing corporation in Canada. CDS is regulated by the Ontario Securities Commission and by the Commission des valeurs mobilières du Québec pursuant to provincial securities acts. CDS also has entered into an oversight agreement with the Bank of Canada, and CDS cooperates with the Office of the Superintendent of Financial Institutions. CDS is qualified to serve in Canada as an eligible foreign custodian for registered United States investment companies under rule 17f-5 of the Act.¹

2. IDA is the national self-regulatory organization for the Canadian securities industry, and is the primary regulator of the Canadian fixed income market, including Canadian treasury bills and government and corporate bonds and debentures.

3. A group of CDS participants, including major IDA member firms and certain Canadian chartered banks and trust companies, have created payment strips ("Canadian Strips") by stripping Canadian securities into component parts for sale to investors. The most common form of Canadian Strips involves separating bonds of Canadian federal or provincial government issuers into individual interest and principal payment components. Each individual Canadian Strip is then separately held by the CDS participant or traded.

4. CDS participants sell Canadian Strips directly to investors and maintain a secondary market for the Strips. Canadian Strips are typically held by CDS participants as nominees for investors. The investors have accounts with CDS participants and are the beneficial owners of the Strips. CDS participants generally follow the instructions of beneficial owners with respect to matters relating to securities held by them as nominees, including matters relating to defaults.

5. Originally, CDS participants created Canadian Strips by physically separating individual coupons from bearer bond certificates ("Physical Strips"). Certificates underlying Physical Strips are in bearer form, held for CDS by Canadian banks or trust companies. In 1987, CDS participants began depositing Physical Strips into CDS and also began stripping Canadian debt securities electronically on a book-entry only basis under CDS procedures. The electronic ledger system at CDS separates the underlying securities held in participants' accounts into the corresponding book-entry only strip payment components ("Book-Entry Strips"). The certificates underlying Book-Entry Strips are registered on the books of the issuer in the name of CDS or its custodian. Canadian Strips include Physical Strips deposited with CDS and Book-Entry Strips which are recorded on CDS ledgers.

6. The total face value of Canadian Strips on deposit as of April 30, 1995 was Cdn \$130 billion, of which more than 95% relate to bonds issued or guaranteed either by Canada or a Canadian province, approximately 3.5% relate to Canadian corporate issuers, and the remainder relate to municipal and other Canadian issuers, such as colleges and hospitals, that are typically supported by provincial government credit. More than 85% of the face value of the Canadian Strips as of April 30, 1995 were Book-Entry Strips.

7. The CDS custody arrangements are governed by the CDS rules and operating procedures ("CDS Rules"), which allow participants to create

¹ See The Canadian Depository for Securities Limited (pub. avail. Aug. 4, 1994).