III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.[7] The Commission believes that DTC's reclamation procedures are consistent with DTC's obligations under section 17A(b)(3)(F) to promote the prompt and accurate clearance and settlement of securities transactions because the proposed procedures extend the period in which reclaims are matched and processed from one business day to two business days, which should reduce the number of unmatched or rejected reclaims. DTC believes that almost all reclaims will be processed within the two business day period. In addition, under the proposal DTC will process unmatched reclaims subject to certain risk management controls rather than rejecting them thus further reducing the number of rejected reclaims.

The Commission also believes the proposal is consistent with DTC's obligation to safeguard securities and funds in its custody or control or for which it is responsible because the processing of matched reclaims with settlement values exceeding $15 million will be subject to DTC's risk management controls and unmatched reclaims will be subject to DTC's risk management controls and RAD processing. Matched reclaims with settlement values exceeding $15 million and all unmatched reclaims that violate receiving or delivering participants' net debit caps or collateral monitors will not be completed and will await processing until sufficient collateral or credits are applied to the participants' accounts. Unmatched reclaims also will be subject to RAD processing. Therefore, receiving participants will have the opportunity to review and approve unmatched reclaims of $15 million or more before they are processed.

DTC has requested that the Commission find good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of the filing. The Commission finds good cause for so approving the proposed rule change because accelerated approval will allow DTC participants to benefit from the expanded reclamation matching period and the processing of unmatched reclaims subject to certain controls immediately upon implementation of the necessary system changes. The Commission also believes that accelerated approval will provide DTC participants with ample time to become familiar with the new reclamation procedures prior to final implementation of SDFS on February 22, 1996.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of DTC. All submissions should refer to the File Number SR–DTC–95–16 and should be submitted by December 8, 1995.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (File No. SR–DTC–95–16) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[8]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–28397 Filed 11–16–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21487; No. 812–9642]

AIM Variable Insurance funds, Inc., et al.

November 9, 1995.

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

ACTION: Notice of Application for an exemption pursuant to the Investment Company Act of 1940 (the ''1940 Act'').

APPLICANTS: AIM Variable Insurance Funds, Inc. (''Company''), AIM Advisors, Inc. (''AIM''), and certain life insurance companies (''Participating Insurance Companies'') and their separate accounts (''Separate Accounts'') that currently or in the future will invest in the Company.

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 6(c) granting exemptions from the provisions of Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to permit shares of the Company and shares of any other investment company that is offered as a vehicle to fund insurance products and for which AIM, or any of its affiliates, may serve as manager, investment adviser, administrator, principal underwriter or sponsor (such other investment companies, including any series thereof, together with the Company and each of its series, are the ''Funds'') to be sold to and held by: (a) Separate Accounts funding variable annuity and variable life insurance contracts issued by both affiliated and unaffiliated Participating Insurance Companies, and (b) qualified pension and retirement plans outside of the context of Separate Accounts (''Qualified Plans'' or ''Plans'').

FILING DATE: The application was filed on June 22, 1995 and amended on October 23, 1995.

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 must be received by the Commission by 5:30 p.m. on December 4, 1995, and must 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 may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street, NW., Washington, D.C. 20549. Applicants, c/o Nancy L. Martin, Esq., AIM Advisors, Inc., 11 Greenway Plaza, Suite 1919, Houston, Texas 97046–1173.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior Counsel, or Wendy Friedlander, Deputy Chief, Office of Insurance Products (Division

[7] 15 U.S.C. § 78q–1(b)(3)(F) (1988).

[8] 17 CFR 200.30–3(a)(12) (1994).

of Investment Management), at (202) 942–0670.

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

Applicants; Representations

1. The Company is a Maryland corporation registered pursuant to the 1940 Act as an open-end management investment company. Currently, the Company's common stock is divided into nine separate series, each representing an interest in a separate investment portfolio with its own investment objectives, program, policies and restrictions.

2. AIM, a Delaware corporation organized in 1976, is registered with the Commission pursuant to the Investment Advisers Act of 1940 and serves as the investment adviser to each Fund. AIM is a wholly-owned subsidiary of AIM Management Group Inc.

3. Shares of the funds are currently offered and sold to Separate Accounts of Connecticut General Life Insurance Company (''CG''), Citicorp Life Insurance Company (''Citicorp Life'') and First Citicorp Life Insurance Company (''First Citicorp,'' together with CG and Citicorp Life, the ''Current Insurance Companies''), to fund benefits under variable annuity contracts (''VA Contracts'') issued by these insurance companies, and to AIM and CG in connection with the initial capitalization of each Fund. Each of these Separate Accounts is registered as a unit investment trust pursuant to the 1940 Act.

4. Prior to obtaining the exemptive relief sought in the application, the Funds intend to offer and sell their shares to Separate Accounts of the Current Insurance Companies as well as other Participating Insurance Companies, affiliated or unaffiliated with the Current Insurance Companies, to fund benefits under VA Contracts issued by these insurance companies. After obtaining exemptive relief, the Funds intend to offer and sell their shares to Separate Accounts of Participating Insurance Companies, including the Current Insurance Companies and insurance companies that are affiliated or unaffiliated therewith, to fund benefits under VA Contracts as well as single premium, scheduled premium and flexible premium variable life insurance contracts (''VLI Contracts,'' together with VA Contracts, the ''Contracts'') issued by these insurance companies.

5. The Participating Insurance Companies, either directly or through affiliated persons (''affiliates''), may serve, or be deemed to serve, as investment advisers, principal underwriters and/or depositors of, as appropriate, their respective Separate Accounts and/or the Funds.

6. The Funds also intend to offer and sell their shares to a variety of Qualified Plans as permitted by applicable tax law. Depending on the type of Qualified Plan, shares of the Funds may be held in trust by one or more trustees pursuant to Section 403(a) of the Employee Retirement Income Security Act of 1974. In addition, depending on the terms of a Qualified Plan, one or more of the Funds may serve as the sole investment vehicle under the Plan or as one of several interest alternatives. Also, Plan participants may be given an investment choice depending on the terms of the Plan. AIM will not act as investment adviser to any of the Qualified Plans that purchase shares of any of the Funds, except to the extent permitted by applicable law. Fund shares held by any Qualified Plan will be voted in accordance with the terms of the Plan pursuant to applicable law.

Applicants' Legal Analysis

1. The use of a common management investment company as the underlying investment medium for both variable annuity and variable life insurance separate accounts of a single insurance company (or of two or more affiliated insurance companies) is referred to as ''mixed funding.'' The use of a common management investment company as the underlying investment medium for variable annuity and variable life insurance separate accounts of unaffiliated insurance companies is referred to as ''shared funding.'' ''Mixed and shared funding'' denotes the use of a common management investment company to fund the variable annuity and variable life insurance separate accounts of affiliated and unaffiliated insurance companies.

2. Rules 6e–2(b)(15) and 6e–3(T)(b)(15) under the 1940 Act (collectively, the ''Rules'') provide separate accounts organized as unit investment trusts with partial exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act in connection with scheduled premium and flexible premium VLI Contracts, respectively.

3. The exemptions provided by the Rules, however, are subject to certain exclusivity requirements that prohibit mixed and shared funding in the case of Rule 6e–2, prohibit shared funding in the case of Rule 6e–3(T), and prohibit the offering of underlying fund shares to Qualified Plans under both Rules.

4. Applicants state that, because the relief under the Rules is available only where shares of the Funds are offered exclusively to Separate Accounts, additional exemptive relief is necessary if the shares of the Funds also are to be sold to Plans.

5. Applicants state that the promulgation of the Rules preceded the issuance of the Treasury Department Regulations that made it possible for shares of an investment company to be held by the trustee of a Qualified Plan without adversely affecting the ability of shares in the same investment company also to be held by the separate accounts of insurance companies in connection with their variable contracts. Thus, the sale of shares of the same investment company to separate accounts and Qualified Plans could not have been envisioned at the time of the adoption of the Rules.

6. Section 6(c) of the 1940 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 1940 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 1940 Act.

7. Accordingly, Applicants request that the Commission, pursuant to Section 6(c) of the 1940 Act, issue an order granting exemptions to Participating Insurance Companies and their Separate Accounts (and any investment adviser, principal underwriter and depositor of such a Separate Account and/or a Fund) from the provisions of Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder to the extent necessary to permit shares of the Funds to be sold to and held by (a) Separate Accounts funding VA Contracts and VLI Contracts issued by both affiliated and unaffiliated Participating Insurance Companies and (b) Qualified Plans, under the circumstances described in the application.

8. Section 9(a)(3) of the 1940 Act provides that it is unlawful for any company to serve as investment adviser or principal underwriter of any registered open-end investment company if an affiliated person of that company is subject to a disqualification enumerated in Section 9(a) (1) or (2). Subject to certain exclusivity requirements, the Rules provide partial exemptions from Section 9(a) by limiting the disqualification to affiliated

individuals or companies that directly participate in the management or administration of the underlying investment company. The partial relief granted by Rules 6e–2(b)(15) and 6e–3(T)(b)(15) from the requirements of Section 9(a) of the 1940 Act, in effect, limits the amount of monitoring necessary to ensure compliance with Section 9(a) to that which is appropriate in light of the policy and purposes of the section. Applicants argue that the Rules reflect the Commission's recognition that it is unnecessary to apply Section 9(a) to the many individuals who may be involved in an insurance company complex, but have no connection with the investment company funding the separate accounts. Applicants further argue that Rule 6e–3(T) reflects the Commission's recognition that it is unnecessary to apply Section 9(a) to such individuals in the context of mixed funding.

9. Applicants are aware of no reason the exemptions from Section 9(a) provided by Rule 6e–2 should not be coextensive with that provided by Rule 6e–3(T) with regard to mixed funding. In addition, Applicants are aware of no reason to limit the availability of the exemptions provided by the Rules in the context of shared funding and are not aware of any instance where the Commission or its staff has applied the requirements of Section 9(a) fully in the context of a shared funding arrangement.

10. Applicants do not expect Participating Insurance Companies to play any role in the management or administration of the Funds. Therefore, it is unlikely that they will need to rely on the partial exemptions provided by the Rules. However, in the event Participating Insurance Companies find such relief necessary, no regulatory purpose would be served by applying the full monitoring requirements of Section 9(a). Indeed, applying these requirements would increase the monitoring costs incurred by the Participating Insurance Companies and, therefore, the level of administrative charges borne by Contract owners, which would reduce the net rates of return realized by Contract owners.

11. Applicants also submit that the proposed sale of shares of the Funds to Qualified Plans would not affect the relief requested. Applicants state that the Participating Insurance Companies would engage in the same level of monitoring regardless of whether shares of the Funds were sold to Qualified Plans. Qualified Plans are not subject to Section 9(a), because they are not investment companies.

12. Applicants request relief comparable to that provided by paragraphs (b)(4) and (b)(15) of Rules 6e–2 and 6e–3(T) to the extent necessary to provide exemptions from Section 9(a), in the context of mixed and shared funding, with respect to *variable annuity* Separate Accounts of Participating Insurance Companies.

13. Section 9(a)(3) of the 1940 Act provides that it is unlawful for any company to serve as principal underwriter or depositor for any registered unit investment trust, such as the Separate Accounts, if an affiliated person of that trust is subject to a disqualification enumerated in Section 9(a) (1) or (2). Paragraph (b)(4) of Rules 6e–2 and 6e–3(T) provides partial exemptions from Section 9(a) by limiting the disqualification to affiliated individuals or companies that directly participate in the management or administration of a registered unit investment trust separate account or in the sale of variable life insurance contracts funded by such separate account. Applicants argue that the partial relief provided by Rules 6e–2(b)(4) and 6e–3(T)(b)(4) parallels that provided by Rules 6e–2(b)(15) and 6e–3(T)(b)(15), discussed above. Applicants assert that, like the relief provided by Rules 6e–2(b)(15) and 6e–3(T)(b)(15), the partial relief granted by Rules 6e–2(b)(4) and 6e–3(T)(b)(4), from the requirements of Section 9(a) of the 1940 Act, in effect, limits the amount of monitoring necessary to ensure compliance with Section 9(a) to that which is appropriate in light of the policy and purposes of such Section.

14. The effect of the requested relief would be to exempt, from the automatic disqualification provisions of Section 9(a), the officers, directors and employees of Participating Insurance Companies, and their affiliates, who do not participate directly in the management or administration of variable annuity Separate Accounts or the Funds underlying Separate Accounts funding VA Contracts, or in the sale of VA Contracts funded by such Separate Accounts. Such relief would be the same as the relief available under Rules 6e–2(b)(4) and (b)(15) and 6e–3(T)(b)(4) and (b)(15) with respect to variable life insurance Separate Accounts.

15. Applicants are aware of no reason the exemptions from Section 9(a) provided by Rules 6e–2(b)(4) and (b)(15) and Rules 6e–3(T)(b)(4) and (b)(15) with respect to variable life insurance contracts should not apply also with respect to variable annuity contracts.

16. Applicants request exemptive relief to limit the scope of Section 9(a) to those officers, directors, and employees of Participating Insurance Companies, and their affiliates, who participate directly in the management or administration of variable annuity Separate Accounts or the Funds underlying such Separate Accounts or in the sale of VA Contracts funded by the Separate Accounts.

17. Section 13(a) of the 1940 Act provides that it is unlawful for any registered investment company to, unless authorized by the vote of a majority of its outstanding voting securities, change its subclassification as open-end or closed-end investment company; engage in certain transactions and investment practices unless they are in accordance with the recitals of policy contained in its registration statement; deviate from certain investment policies of other fundamental policies; or cease to be an investment company.

Section 15(a) of the 1940 Act provides certain requirements regarding any contract between a fund and its investment advisor, including the provision that such contract may be terminated at any time by vote of a majority of the outstanding voting securities of such fund.

18. Rules 6e–2(b)(15) (iii) and 6e–3(T)(b)(15)(iii) under the 1940 Act provide exemptions from the pass-through voting requirement with respect to several significant matters, assuming observance of the limitations on mixed and shared funding imposed by the 1940 Act and the rules thereunder.

Rules 6e–2(b)(15)(iii)(A) and 6e–3(T)(b)(iii)(A) provide that the insurance company may disregard voting instructions of its contract owners with respect to the investments of an underlying fund, or any contract between a fund and its investment advisor, when required to do so by an insurance regulatory authority.

Rules 6e–2(b)(15)(iii)(B) and 6e–3(T)(b)(15)(iii)(B) provide that the insurance company may disregard voting instructions of its contract owners if the contract owners initiate any change in the company's investment policies, principal underwriter, or any investment advisor, provided that disregarding such voting instructions is reasonable and subject to the other provisions of paragraphs (b)(15)(ii) and (b)(7)(ii) ((B) and (C) of each rule.

19. Applicants submit that neither mixed nor shared funding compromises the goals of the state insurance regulatory authorities or of the Commission. Indeed, by permitting such arrangements, the Commission eliminates needless duplication of start-up and administrative expenses and

potentially increases an investment company's assets, thereby making effective portfolio management strategies easier to implement and promoting other economies of scale. Applicants do not perceive that the sale of shares of the Funds to Qualified Plans would have any impact on the relief requested in this regard.

20. Applicants submit that no increased conflicts of interest would be present if the Commission grants the exemptive relief requested in the application.

21. Applicants further submit that granting the requested relief would enable Participating Insurance Companies investing in the Funds to: (a) avoid the costs of organizing and operating a funding medium, particularly the costs of obtaining expertise with respect to investment management; (b) expand the variety of funding options available under existing or future Contracts; and (c) benefit not only from the investment advisory and administrative expertise of the Funds' investment adviser, but also from the costs efficiencies and investment flexibility afforded by a large pool of funds. Moreover, sales of shares of the Funds to Qualified Plans in addition to Separate Accounts should result in an increased amount of assets available for investment by such Funds. Such an increase in assets should inure to the benefit of Contract owners by promoting economies of scale, by permitting greater safety through greater diversification, and by making the addition of new Funds more feasible. Applicants believe there is no significant legal impediment to permitting mixed and shared funding.

Applicants' Conditions

1. A majority of the Board of Directors (''Board'') of each Fund will consist of persons who are not ''interested persons'' thereof, as defined by Section 2(a)(19) of the 1940 Act and the rules thereunder and as modified by any applicable orders of the Commission, except that if this condition is not met by reason of the death, disqualification, or bona fide resignation of any director, then the operation of this condition shall be suspended: (a) for a period of 45 days if the vacancy or vacancies may be filled by the Board; (b) for a period of 60 days if a vote of shareholders is required to fill the vacancy or vacancies; or (c) for such longer period as the Commission may prescribe by order upon application.

2. Each Board will monitor its Fund for the existence of any material irreconcilable conflict among the interests of the Contract owners of all Separate Accounts and all Plan participants investing in the Fund. A material irreconcilable conflict may arise for a variety of reasons, including: (a) an action by any state insurance or other regulatory authority; (b) a change in applicable federal or state insurance, tax or securities law or regulations, or a public ruling, private letter ruling, no-action or interpretative letter, or any similar action by insurance, tax, or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of the Funds are being managed; (e) a difference in voting instructions given by VA Contract owners and VLI Contract owners; (f) a decision by a Participating Insurance Company to disregard the voting instruction of Contract owners; or (g) a decision by a Plan to disregard the voting instructions of Plan participants.

3. Participating Insurance Companies, AIM (or any other investment adviser of a Fund), and any Plan that executes a fund participation agreement upon becoming an owner of 10% or more of the assets of a Fund (such a Plan being referred to hereafter as a ''Participating Plan''), will report any potential or existing conflicts to the Board of the relevant Fund. Participating Insurance Companies, AIM (or any other investment adviser of a Fund), and Participating Plans will be responsible for assisting the Board in carrying out its responsibilities under these conditions by providing the Board with all information reasonably necessary for the Board to consider any issues raised. This responsibility includes, but is not limited to, an obligation of Participating Insurance Company or a Participating Plan to inform the Board whenever it has determined to disregard Contract owner, a Plan participant, voting instructions, respectively. The responsibility to report such information and conflicts and to assist the Board will be contractual obligations of all Participating Insurance Companies and Participating Plans investing in the Funds under their agreements governing participation in the Funds, and such agreements shall provide that these responsibilities will be carried out with a view only to the interests of Contract owners and Plan participants.

4. If it is determined by a majority of the Board of a Fund, or by a majority of its disinterested directors, that a material irreconcilable conflict exists, the relevant Participating Insurance Companies and Participating Plans will, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested directors), take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict, which steps could include: (a) withdrawing the assets allocable to some or all of the Separate Accounts and Participating Plans from the Funds and reinvesting such assets in a different investment medium, which may include another Fund, or submitting the question of whether such segregation should be implemented to a vote of all affected Contract owners and Plan participants and, as appropriate, segregating the assets of any appropriate group (*i.e.*, VA Contract owners and/or VLI Contract owners of one or more Participating Insurance Companies, and/or participants of one or more Participating Plans) that votes in favor of such segregation, or offering to the affected Contract owners and Plan participants the option of making such a change; and (b) establishing a new registered management investment company or managed Separate Account. If a material irreconcilable conflict arises because of a decision by a Participating Insurance Company or Participating Plan to disregard Contract owner or Plan participant voting instructions, respectively, and that decision represents a minority position or would preclude a majority vote, the Participating Insurance Company or Participating Plan may be required, at the election of the relevant Fund, to withdraw its Separate Account's investment or, in the case of a Participating Plan, its participants' investments, in such Fund, and no charge or penalty will be imposed as a result of such withdrawal.

The responsibility to take remedial action in the event of a Board determination of a material irreconcilable conflict and to bear the cost of such remedial action will be a contractual obligation of all Participating Insurance Companies and Participating Plans under their agreements governing participation in the Funds and such agreements shall provide that these responsibilities will be carried out with a view only to the interests of Contract owners and Plan participants. For purposes of this Condition Four, a majority of the disinterested directors of the Board will determine whether any proposed action adequately remedies any material irreconcilable conflict, but in no event will the relevant Fund or AIM (or any other investment adviser of the Funds) be required to establish a new funding medium for any Contract. No Participating Insurance Company shall be required by this Condition Four to establish a new funding medium for any

Contract if an offer to do so has been declined by vote of a majority of Contract owners materially and adversely affected by the material irreconcilable conflict. No Participating Plan shall be required by this Condition Four to establish a new funding medium for any Plan participant if (a) a majority of Plan participants materially and adversely affected by the material irreconcilable conflict vote to decline such offer or (b) pursuant to governing Plan documents and applicable law, the Participating Plan makes such decision without a Plan participant vote.

5. The Board's determination of the existence of a material irreconcilable conflict and its implications will be made known promptly and in writing to all Participating Insurance Companies and Participating Plans.

6. Participating Insurance Companies will provide pass-through voting privileges to Contract owners who invest in registered Separate Accounts so long as the Commission interprets the 1940 Act to require pass-through voting privileges for Contract owners. Accordingly, the Participating Insurance Companies will vote shares of a Fund held in their registered Separate Accounts in a manner consistent with voting instructions timely received from Contract owners. Each Participating Insurance Company will vote shares for which it has not received timely voting instructions, as well as shares attributable to it (and to any unregistered Separate Accounts supporting Contracts for which no voting privileges have been granted to the owners thereof), in the same proportion as it votes shares for which it has received timely instructions. Participating Insurance Companies will be responsible for assuring that each of their registered Separate Accounts calculates voting privileges in a manner consistent with other Participating Insurance Companies. The obligation to calculate voting privileges in a manner consistent with all other registered Separate Accounts investing in the Fund will be a contractual obligation of all Participating Insurance Companies under the agreements governing participation in the Fund. Each Participating Plan will vote as required by applicable law and governing Plan documents.

7. All reports of potential or existing conflicts received by the Board, and all Board action with regard to: (a) determining the existence of a conflict; (b) notifying Participating Insurance Companies and Participating Plans of a conflict; and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the appropriate Board or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

8. Each Fund will notify all Participating Insurance Companies that Separate Account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Each Fund will disclose in its prospectus that: (a) shares of the Fund are offered in connection with mixed and shared funding, and are offered to Plans; (b) mixed and shared funding may present certain conflicts of interest; (c) due to differences in tax treatment and other considerations, the interests of various Contract owners investing in Separate Accounts investing in the Funds, and the interests of Plan participants investing in the Funds, may conflict; and (d) the Board of the Fund will monitor for the existence of any material conflicts and determine what action, if any, should be taken.

9. Each Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, shall be the person having a voting interest in shares of the Fund), and, in particular, each Fund will either provide for annual meetings (except insofar as the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act (although the Funds are not one of the trusts described in Section 16(c) of the 1940 Act), as well as with Section 16(a), and, if applicable, Section 16(b) of the 1940 Act. Further, each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

10. If, and to the extent that, Rules 6e–2 and 6e–3(T) are amended (or if Rule 6e–3 under the 1940 Act is adopted) to provide exemptive relief from any provision of the 1940 Act or the rules thereunder with respect to mixed or shared funding on terms and conditions materially different from any exemptions granted in the order requested by Applicants, then the Funds and/or the Participating Insurance Companies, as appropriate, shall take such steps as necessary to comply with Rules 6e–2 and 6e–3(T), as amended, and Rule 6e–3, as adopted, to the extent applicable.

11. No less than annually, the Participating Insurance Companies, the Participating Plans, and/or AIM (or any other investment adviser of a Fund) shall submit to the Board such reports, materials, or data as the Board may reasonably request so that the Board may carry out fully the obligations imposed upon it by the conditions contained in any Commission order. The responsibility to submit such reports, materials, and data to the Board shall be a contractual obligation of all Participating Insurance Companies and Participating Plans under the agreements governing their participation in the Funds.

12. A Participating Insurance Company, or any affiliate, will maintain at its home office, available to the Commission, (i) a list of its officers, directors and employees who participate directly in the management or administration of any VA Separate Account organized as a unit investment trust or of the Funds and/or (ii) a list of its agents who, as registered representatives, offer and sell VA Contracts. These individuals will continue to be subject to the automatic disqualification provisions of Section 9(a).

13. If a Qualified Plan should ever become an owner of 10% or more of the assets of a Fund, such Qualified Plan will execute a fund participation agreement with such Fund. A Qualified Plan will execute an application containing an acknowledgment of this condition at the time of its initial purchase of shares of any Fund.

Conclusion

For the reasons summarized 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 H. McFarland,

Deputy Secretary.

[FR Doc. 95–28401 Filed 11–16–95; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 21494; 811–8018]

Nuveen Connecticut Premium Income Municipal Fund 2; Notice of Application

November 9, 1995.

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

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the ''Act'').