

information needed to adequately determine if the applicant meets the one-half support requirement. One form is completed by each respondent. Non-burden impacting editorial and formatting changes are being proposed

to Form G-134 for clarification purposes. Also, enhanced program monitoring and evaluation of this form last year showed that the completion time needed to be increased significantly because the annuitant

needed time to gather the necessary information from many personal finance records not normally kept on hand.

The estimated annual respondent burden is as follows:

ESTIMATE OF ANNUAL RESPONDENT BURDEN

Form #	Annual responses	Estimated completion time (min)	Burden (hrs)
G-134			
With assistance	75	147	184
Without assistance	25	180	75
Total	100		259

Additional Information or Comments: To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,

Clearance Officer.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25420; File No. 812-12384]

IDS Life Insurance Company, et al., Notice of Application

February 12, 2002.

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

ACTION: Notice of Application for an Order Pursuant to section 11(a) of the Investment Company Act of 1940, as amended (the "Act") approving the terms of an offer of exchange.

APPLICANTS: IDS Life Insurance Company ("IDS Life"), IDS Life Variable Account 10 ("Account 10") and IDS Life Accounts F, G, H, IZ, JZ, KZ, LZ, MZ, N, PZ, QZ, RZ, SZ and TZ (the "Old Accounts," collectively with Account 10, the "Accounts") (collectively, the "Applicants").

SUMMARY OF APPLICATION: Applicants seek an order pursuant to section 11(a) of the Act approving the terms of a proposed offer of exchange of new American Express Retirement Advisor Advantage Variable Annuity contracts

issued by IDS Life and made available through Account 10 ("RAVA Advantage") for certain outstanding annuity contracts issued by IDS Life and made available through the Old Accounts (the "Old Contracts," collectively with RAVA Advantage, the "Contracts").

FILING DATE: The Application was filed on December 28, 2000, and amended and restated on November 15, 2001, December 6, 2001, and February 8, 2002.

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's 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 March 11, 2002, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Applicants, Mary Ellyn Minenko, Vice President and Group Counsel, American Express Financial Advisors Inc., 50607 AXP Financial Center, Minneapolis, MN 55474.

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

SUPPLEMENTARY INFORMATION: The following is a summary of the

Application. The complete Application may be obtained for a fee from the Commission's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. IDS Life is a stock life insurance company organized in 1957 under the laws of the State of Minnesota. IDS Life is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers. IDS Life is a wholly owned subsidiary of American Express Financial Corporation. IDS Life is the issuer and principal underwriter of the Contracts funded through the Accounts.

2. Account 10 is a segregated asset account of IDS Life. Account 10 funds the variable benefits available under RAVA Advantage. Account 10 and its component subaccounts are registered together with the Commission as a single unit investment trust under the Act (File No. 811-07355).

3. The Old Accounts are segregated asset accounts of IDS Life. The Old Accounts fund the variable benefits available under the IDS Life Variable Retirement Annuity ("VRA"), the IDS Life Combination Retirement Annuity ("CRA"), the IDS Life Flexible Annuity ("Flex") and the IDS Life Employee Benefit Annuity ("EBA"). The Old Accounts are registered together with the Commission as a single unit investment trust under the Act (File No. 811-3217).

4. Applicants assert that in recent years the variable annuity marketplace has become increasingly competitive. Many of the purchasers of variable annuity contracts in the 1980s and early 1990s are at, or close to, the expiration of their deferred sales charge period, and the contract values of many contracts are no longer subject to a deferred sales charge. Holders of such contracts have become prime targets for

competitors' variable annuity sales efforts. One feature offered to variable annuity purchasers is a "bonus" or "credit" funded from the insurer's general account, generally ranging from 1–4% of contract value. IDS Life has experienced the effects of these "bonus offers" through the loss of a portion of its Old Contracts.

5. Applicants state that IDS Life's competitors are permitted to make bonus offers to IDS Life's Old Contract owners because offers of exchange to contract owners of unaffiliated insurance companies are not prohibited by section 11 of the Act by virtue of a no-action position granted to Alexander Hamilton Funds (pub. avail. July 20, 1994) ("Alexander Hamilton"). Applicants state that Alexander Hamilton stands for the proposition that, except for limited exceptions, exchange offers between unaffiliated investment companies are not prohibited under section 11. Consistent with section 11(a), therefore, a fund may impose a contingent deferred sales charge ("CDSC") on shares purchased by investors with proceeds of shares from an unaffiliated fund.

6. Applicants assert that, but for the existence of the affiliated nature of the exchange, IDS Life would be able to offer an exchange program to its existing Old Contract owners that is similar to its competitors' programs. However, unlike its competitors who may make bonus offers to Old Contract owners, IDS Life is constrained from making a similar offer without first obtaining Commission approval of the terms of the exchange.

7. Applicants state that in response to this competitive situation IDS Life has developed an exchange offer ("Exchange Offer") that would give eligible owners of Old Contracts the opportunity to exchange their existing Old Contracts for RAVA Advantage, an enhanced Contract that offers a lower mortality and expense risk ("M&E") charge than the Old Contracts, credits on certain Purchase Payments ("Purchase Payment Credits"), more investment options (including all investment options available under the Old Contracts) and optional enhanced death benefits. IDS Life would apply a credit to certain exchanges ("Exchange Credit") that would be in addition to any Purchase Payment Credit for which the Contract owner would otherwise be eligible under the RAVA Advantage Contract. Applicants state that the terms of the Exchange Offer are designed to respond to IDS Life's competitive dilemma and to assure that persisting Contract owners who accept the Exchange Offer receive

an immediate and enduring economic benefit.

The New Contract

8. RAVA Advantage is registered under the Securities Act of 1933 (the "1933 Act") (File No. 333–79311). RAVA Advantage may be issued as a nonqualified annuity for after-tax contributions only, or as a qualified annuity under the following retirement plans: (i) Individual Retirement Annuities ("IRAs"); (ii) Simplified Employee Pension ("SEP") plans; (iii) Section 401(k) plans; (iv) custodial and trustee plans; or (v) Tax-Sheltered Annuities ("TSAs"). RAVA Advantage may be purchased: (i) with a minimum initial payment of \$1,000 for qualified annuities or \$2,000 for nonqualified annuities; or (ii) in minimum installments of \$50 per month or \$23.08 biweekly under a scheduled payment plan. An owner may make additional payments, which require a \$50 minimum (unless payments are made by installments under a scheduled payment plan), subsequent to the initial payment (initial payments and subsequent additional payments are individually and collectively referred to herein as "Purchase Payments"). Maximum limitations on Purchase Payments are imposed for the first year and subsequent years, depending on the age of the owner or annuitant.

9. Owners of RAVA Advantage Contracts may allocate their Purchase Payments among 56 subaccounts of Account 10. The subaccounts invest in 56 corresponding funds or portfolios (collectively, "Investment Funds"). IDS Life, at a later date, may determine to create additional subaccounts to invest in any additional Investment Funds as may now or in the future be available. IDS Life, from time to time, also may combine or eliminate subaccounts, or transfer the assets to and from subaccounts. IDS Life also may substitute the Investment Funds in which the subaccounts invest under certain conditions. RAVA Advantage also offers a fixed account investment option with a guaranteed interest rate of at least 3% on an annual basis.

10. Owners of RAVA Advantage Contracts may transfer contract values among the RAVA Advantage subaccounts without charge, although IDS Life reserves the right to limit the number of transfers in a contract year. Transfers to and from the fixed account are permitted, subject to certain restrictions described in the prospectus for the RAVA Advantage Contracts.

11. Each time IDS Life receives a Purchase Payment from an owner, it allocates to the owner's RAVA

Advantage account a Purchase Payment Credit equal to: (i) 1% of each Purchase Payment received if the owner elected the ten-year CDSC period for RAVA Advantage, or if the owner elected the seven-year CDSC period and the initial Purchase Payment is at least \$100,000; or (ii) 2% of each Purchase Payment received if the owner elected the ten-year CDSC period and the initial Purchase Payment is at least \$100,000. IDS Life funds Purchase Payment Credits from its general account assets. IDS Life recaptures certain Purchase Payment Credits from an owner under the following circumstances: (i) any Purchase Payment Credit applied if the owner returns the RAVA Advantage Contract to IDS Life for a refund during the free look period; (ii) Purchase Payment Credits applied within twelve months preceding the date of death that results in a lump sum death benefit under the RAVA Advantage Contract; or (iii) Purchase Payment Credits applied within twelve months preceding a request for a surrender due to the owner or annuitant's confinement to a nursing home. The amount the owner receives in each of these circumstances always will equal and normally will exceed the surrender value of the RAVA Advantage Contract.

12. The owner of a RAVA Advantage Contract can access contract values at any time before annuity payouts begin by means of partial surrenders or a full surrender. In addition, RAVA Advantage permits the owner to withdraw certain amounts without incurring a CDSC (the "Free Withdrawal Amount"). Under RAVA Advantage, this Free Withdrawal Amount equals earnings or up to 10% of the prior anniversary contract value per contract year (if not already included in earnings).

A. The RAVA Advantage Contract standard death benefit is available at no extra charge. This standard death benefit provision states that, upon the earlier of the owner's or annuitant's death, before annuity payouts begin and while the Contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) if both the owner and annuitant are age 80 or younger on the date of death, the beneficiary will receive the greatest of (a) the contract value; (b) Purchase Payments, minus any adjusted partial surrenders; or (c) the contract value as of the most recent sixth contract anniversary, plus any Purchase Payments made, and minus any adjusted partial surrenders since that anniversary; or (ii) if either the owner or annuitant are age 81 or older on the date of death, the beneficiary receives the

greater of (a) the contract value; or (b) Purchase Payments, minus any adjusted partial surrenders.

14. The RAVA Advantage Contract also offers three optional death benefits. The Maximum Anniversary Value Death Benefit (the "MAV Death Benefit") is an optional death benefit that is available at the election of the Contract owner for an extra cost of 0.15% deducted from the contract value on the contract anniversary at the end of each contract year. This MAV Death Benefit is available (in approved states) if both the owner and annuitant are age 75 or younger at Contract issue. The MAV Death Benefit states that, upon the earlier of the owner's or annuitant's death, before annuity payouts begin and while the Contract is in force, IDS Life will pay the designated beneficiary the Maximum Anniversary Value (the "MAV"). On the first contract anniversary, IDS Life sets the MAV equal to the highest of the (i) current contract value; or (ii) total Purchase Payments minus adjusted partial surrenders. Every contract anniversary after that, through the earlier of the owner's or annuitant's age 80, IDS Life compares the previous anniversary's MAV plus subsequent Purchase Payments less subsequent adjusted partial surrenders to the contract value and resets the MAV if the current contract value is higher. IDS Life stops resetting the MAV after the owner or annuitant reaches age 81. However, IDS Life continues to add subsequent Purchase Payments and subtract adjusted partial surrenders from the MAV.

15. The Enhanced Earnings Death Benefit (the "EEB") is an optional death benefit that is available at the election of the Contract owner at an extra cost of 0.30% deducted from the contract value on the contract anniversary at the end of each contract year. This benefit is available (in approved states) if both the owner and annuitant are age 75 or younger at Contract issue. The EEB is only available under nonqualified annuities. The EEB states that, upon the earlier of the owner's or annuitant's death, after the first contract anniversary but before annuity payouts begin and while this Contract is in force, IDS Life will pay the designated beneficiary the standard death benefit or the MAV Death Benefit, if applicable plus: (i) 40% of earnings at death if the owner and the annuitant were under age 70 on the rider effective date, up to a maximum of 100% of Purchase Payments not previously surrendered that are one or more years old; or (ii) 15% of earnings at death if the owner or the annuitant were age 70 to 75 on

the rider effective date, up to a maximum of 37.5% of Purchase Payments not previously surrendered that are one or more years old.

16. The Enhanced Earnings Benefit Plus (the "EEP") is an optional death benefit that is available at the election of the Contract owner at an extra cost of 0.40% deducted from the contract value on the contract anniversary at the end of each contract year. This benefit is available (in approved states) if both the owner and annuitant are age 75 or younger at Contract issue. The EEP is only available under nonqualified annuities purchased through an exchange. The EEP states that, upon the earlier of the owner's or annuitant's death, after the first contract anniversary but before annuity payouts begin and while this Contract is in force, IDS Life will pay the designated beneficiary: (i) EEP Part I benefits, which equal the benefits payable under the EEB described above; plus (ii) EEP Part II benefits, which equal a percentage of exchanged Purchase Payments identified at issue and not previously surrendered ranging from 0% to 20%, depending on the contract year and the age of the owner and annuitant.

17. The RAVA Advantage Contract contains five annuity payout options: (i) Life annuity—no refund; (ii) life annuity with five, ten or 15 years certain; (iii) life annuity—installment refund; (iv) joint and last survivor life annuity—no refund; and (v) payouts for a specified period. IDS Life also may agree to other payout arrangements. Annuity payouts are available on a fixed or variable basis, or a combination of both.

18. A RAVA Advantage Contract owner can elect to have the variable subaccount portion of the contract value automatically rebalanced on either a quarterly, semi-annual or annual basis, based on the allocations chosen by the Contract owner. There is no additional cost for asset rebalancing.

19. Under RAVA Advantage, IDS Life assesses a CDSC against partial or full surrenders in excess of the Free Withdrawal Amount. IDS Life applies a CDSC on each Purchase Payment. The length of time from receipt of a Purchase Payment to the time of surrender determines the percentage of CDSC. Under the seven-year CDSC period, the CDSC ranges from 7% in year 1 to 0% in year 8 and after. Under the ten-year CDSC period, the CDSC ranges from 8% in year 1 to 0% in year 11 and after. The RAVA Advantage Contract provides for a waiver of the CDSC if the owner or annuitant is confined to a nursing home, and has been for the prior 90 days, and confinement began after the contract date. Additionally, IDS Life does not

assess a CDSC on contract earnings; Free Withdrawal Amounts; required minimum distributions (for those amounts required to be distributed from the RAVA Advantage Contract); amounts refunded during the free look period; death benefits; or if payments are made under any annuity payout option.

20. During the life of the RAVA Advantage Contract, IDS Life deducts an M&E charge at an annual rate of 0.95% of the average daily subaccount value for nonqualified annuity Contracts and 0.75% of the average daily subaccount value for qualified annuity Contracts. IDS Life deducts a charge for administrative expenses annually from the contract value of each RAVA Advantage Contract. The annual contract administrative charge is \$30 per contract year. IDS Life waives this charge when the contract value, or total Purchase Payments made less any Purchase Payments surrendered, is \$50,000 or more on the current contract anniversary.

21. IDS Life deducts premium taxes of up to 3.5%, if applicable. Currently, IDS Life deducts any applicable premium tax when annuity payouts begin. However, IDS Life reserves the right to deduct this tax at other times such as when the Contract is surrendered.

22. Assets invested in the Investment Funds are charged with the annual operating expenses of those Funds.

The Old Contracts

23. VRA and CRA are registered together under the 1933 Act (File No. 2-73114). IDS Life no longer offers VRA Contracts. IDS Life offers CRA contracts only for limited purposes. VRA and CRA both were issued as nonqualified annuities for after-tax contributions only, or as qualified annuities under the following retirement plans: (i) IRAs; (ii) SEP plans; (iii) Section 401(k) plans; (iv) custodial and trustee plans; (v) TSAs, or (vi) Section 457 plans. VRA was purchased with a single Purchase Payment between \$5,000 and \$500,000. No additional Purchase Payments are allowed for VRA. CRA may be purchased (i) with a minimum initial Purchase Payment of \$600; or (ii) in minimum installments of \$50 per month or \$23.08 biweekly under a scheduled payment plan. An owner may make additional Purchase Payments to CRA, which require a \$50 minimum (unless Purchase Payments are made by installments under a scheduled payment plan), subsequent to the initial Purchase Payment. Maximum limitations on Purchase Payments are imposed for the first year and subsequent years, depending on

whether the annuity is nonqualified or qualified. Participants in the CRA Select University of Wisconsin TSA Plan ("CRA Select") may buy CRA with installment payments of \$200 to \$25,000 annually.

24. Owners of VRA and CRA Contracts may allocate their Purchase Payments among 14 Old Accounts that invest in 14 corresponding Investment Funds (all of which currently are available under RAVA Advantage). IDS Life, at a later date, may determine to create additional Accounts to invest in any additional Investment Funds as may now or in the future be available. CRA also offers a fixed account investment option with a guaranteed interest rate of 3.5% to 4% on an annual basis depending on when the CRA Contract was issued. VRA does not have a fixed account investment option.

25. Owners of VRA and CRA Contracts may transfer contract values among the Old Accounts without charge. Transfers to and from CRA's fixed account are permitted, subject to certain restrictions described in the prospectus for the CRA Contracts.

26. The owner of a VRA or CRA Contract can access contract values at any time before annuity payouts begin by means of partial surrenders or a full surrender. In addition, VRA permits the owner a Free Withdrawal Amount of up to 10% of the initial Purchase Payment amount each year after the first without incurring a CDSC. CRA Select offers an annual Free Withdrawal Amount of 10% of the contract value at the beginning of each contract year. There are no other Free Withdrawal Amounts under CRA.

27. VRA and CRA Contracts death benefit provisions state that, upon the earlier of the owner's or annuitant's death before annuity payouts begin and while the Contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) if death occurs before the annuitant's 75th birthday, the beneficiary receives the greater of (a) the contract value; or (b) Purchase Payments, minus any surrenders; or (ii) if death occurs on or after the annuitant's 75th birthday, the beneficiary receives the contract value.

28. The VRA and CRA Contracts contain the same annuity payout options as the RAVA Advantage Contract. Annuity payouts are available on a fixed or variable basis, or a combination of both.

29. Under VRA, IDS Life assesses a CDSC against partial or full surrenders in excess of the Free Withdrawal Amount. The CDSC applies to surrenders in the first seven contract years. IDS Life assesses a CDSC as a

percentage of the amount surrendered. The CDSC ranges from 7% in the first contract year to 0% after 7 contract years. Under CRA, IDS Life assesses a CDSC against partial or full surrenders (in excess of the Free Withdrawal Amount for CRA Select). The CDSC is a percentage of the amount surrendered. Three separate CDSC periods apply to three different versions of CRA. For the original CRA, which is no longer sold, the CDSC applies to surrenders in the first eleven contract years and ranges from 7% in the first contract year to 0% after 11 contract years. For CRA Select, which currently is sold to fund the University of Wisconsin TSA Plan, the CDSC applies to surrenders in the first eight contract years and ranges from 7% in the first contract year to 0% after 8 contract years. For the CRA version that currently is sold for conversions from American Express Retirement Services or other IDS Life retirement annuities under which conversion is available, the CDSC applies to surrenders in the first seven contract years and ranges from 6% in the first contract year to 0% after 7 contract years. Under all VRA and CRA Contracts, the CDSC is further limited so that it will never exceed 8.5% of aggregate Purchase Payments made to the Contract. IDS Life does not assess a CDSC on Free Withdrawal Amounts under any VRA or CRA Select Contract; required minimum distributions (for those amounts required to be distributed from the VRA or CRA Contract); amounts refunded during the free look period; death benefits; or if payments are made under any annuity payout option.

30. During the life of each VRA and CRA Contract, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value. IDS Life deducts a charge for administrative expenses annually from the contract value of each VRA and CRA Contract. The annual contract administrative charge is \$20 per contract year for VRA and \$30 per contract year for CRA.

31. IDS Life deducts premium taxes of up to 3.5%, if applicable. However, IDS Life reserves the right to deduct this tax at other times such as when Purchase Payments are made or when the Contract is surrendered.

32. Assets invested in the Investment Funds are charged with the annual operating expenses of those Funds.

33. Flex is registered under the 1933 Act (File No. 33-4173). IDS Life no longer offers Flex Contracts. Flex was issued as a nonqualified annuity for after-tax contributions only, or as a qualified annuity under the following retirement plans: (i) IRAs; (ii) SEP plans;

(iii) Section 401(k) plans; (iv) custodial and trustee plans; (v) TSAs; or (vi) Section 457 plans. Flex was purchased (i) with a minimum initial Purchase Payment of \$1,000 for qualified annuities or \$2,000 for nonqualified annuities; or (ii) in minimum installments of \$50 per month or \$23.08 biweekly under a scheduled payment plan. An owner may make additional Purchase Payments, which require a \$50 minimum (unless Purchase Payments are made by installments under a scheduled payment plan), subsequent to the initial Purchase Payment. Maximum limitations on Purchase Payments are imposed for the first year, depending on the age of the owner or annuitant, and for each subsequent year.

34. Owners of Flex Contracts may allocate their Purchase Payments among the 14 Old Accounts that invest in 14 corresponding Investment Funds (all of which currently are available under RAVA Advantage). IDS Life, at a later date, may determine to create additional Accounts to invest in any additional Investment Funds as may now or in the future be available. Flex also offers a fixed account investment option with guaranteed interest rates ranging from 3% to 4% on an annual basis, depending on when the Flex Contract was issued.

35. Owners of Flex Contracts may transfer contract values among the Old Accounts without charge. Transfers to and from the fixed account are permitted, subject to certain restrictions described in the prospectus for the Flex Contracts.

36. The owner of a Flex Contract can access contract values at any time before annuity payouts begin by means of partial surrenders or a full surrender. In addition, Flex permits the owner a Free Withdrawal Amount of contract earnings without incurring a CDSC.

37. The Flex Contract death benefit provision states that, upon the earlier of the owner's or annuitant's death before annuity payouts begin and while the Contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) if death occurs before the annuitant's 75th birthday, the beneficiary receives the greatest of (a) the contract value; or (b) the contract value as of the most recent sixth contract anniversary, minus any surrenders since that anniversary; or (c) Purchase Payments, minus any surrenders; or (ii) if death occurs on or after the annuitant's 75th birthday, the beneficiary receives the greater of (a) the contract value; or (b) the contract value as of the most recent sixth contract anniversary, minus any surrenders since that anniversary.

38. Flex contains the same five annuity payout options as the RAVA Advantage Contract. Annuity payouts are available on a fixed or variable basis, or a combination of both.

39. Under Flex, IDS Life assesses a CDSC against partial or full surrenders in excess of the Free Withdrawal Amount. IDS Life applies a CDSC of 7% on each Purchase Payment. IDS Life deducts this CDSC if the Contract owner requests a surrender within six years of making that Purchase Payment. The Flex Contract provides for a waiver of the CDSC for amounts surrendered after the later of the annuitant's attaining age 65 or the tenth contract anniversary. Additionally, IDS Life does not assess a CDSC on contract earnings; required minimum distributions (for those amounts required to be distributed from the Flex Contract); death benefits; or if payments are made under any annuity payout option.

40. During the life of the Flex Contract, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value. IDS Life deducts a charge for administrative expenses at the end of each contract quarter from the contract value of the Flex Contract. The quarterly contract administrative charge is \$6 (which equals an annual charge of \$24 per contract year).

41. IDS Life deducts premium taxes of up to 3.5%, if applicable. Currently, IDS Life deducts any applicable premium tax when annuity payouts begin. However, IDS Life reserves the right to deduct this tax at other times such as when Purchase Payments are made or when the Contract is surrendered.

42. Assets invested in the Investment Funds are charged with the annual operating expenses of those Funds.

43. EBA is registered under the 1933 Act (File No. 33-52518). IDS Life no longer offers EBA Contracts. EBA was issued only as a group TSA. EBA was purchased (i) with a minimum initial Purchase Payment of \$1,000; or (ii) in minimum installments of \$25 per month or \$300 annually under a scheduled payment plan. An owner may make additional Purchase Payments, which require a \$50 minimum (unless Purchase Payments are made by installments under a scheduled payment plan), subsequent to the initial Purchase Payment. Maximum limitations on Purchase Payments are imposed for the first year, depending on the age of the Contract owner, and for each subsequent year.

44. Owners of EBA Contracts may allocate their Purchase Payments among the 14 Old Accounts that invest in 14 corresponding Investment Funds (all of

which currently are available under RAVA Advantage). IDS Life, at a later date, may determine to create additional Accounts to invest in any additional Investment Funds as may now or in the future be available. EBA also offers a fixed account investment option with a guaranteed interest rate of 4% on an annual basis.

45. Owners of EBA Contracts may transfer contract values among the Old Accounts without charge. Transfers to and from the fixed account are permitted, subject to certain restrictions described in the prospectus for the EBA Contracts.

46. Subject to certain restrictions imposed by the Internal Revenue Code, the owner of an EBA Contract can access certificate values at any time before annuity payouts begin by means of partial surrenders or a full surrender.

47. The EBA Contract death benefit provision states that, upon the owner/annuitant's death before annuity payouts begin and while the Contract is in force, IDS Life will pay the following death benefits to the designated beneficiary: (i) if death occurs before the annuitant's 75th birthday, the beneficiary receives the greatest of (a) the certificate value; or (b) Purchase Payments, minus any surrenders; or (ii) if death occurs on or after the annuitant's 75th birthday, the beneficiary receives the certificate value.

48. EBA contains the same five annuity payout options as the RAVA Advantage Contract. Annuity payouts are available on a fixed or variable basis, or a combination of both.

49. Under EBA, IDS Life assesses a CDSC against partial or full surrenders. The CDSC applies to surrenders in the first eleven certificate years. IDS Life assesses a CDSC as a percentage of the amount surrendered. The CDSC ranges from 8% in the first certificate year to 0% after 11 certificate years. The CDSC is further limited so that it will never exceed 8.5% of aggregate Purchase Payments made to the Contract. The EBA Contract provides for a waiver of the CDSC for amounts surrendered due to the owner's retirement under the TSA plan on or after age 55. Additionally, IDS Life does not assess a CDSC on required minimum distributions (for those amounts required to be distributed from the EBA Contract); amounts refunded during the free look period; death benefits; or if payments are made under any annuity payout option.

50. During the life of the EBA Contract, IDS Life deducts an M&E charge at an annual rate of 1% of the average daily variable account value. IDS Life deducts a charge for

administrative expenses at the end of each certificate year from the certificate value of the EBA Contract. The annual administrative charge is \$30 per certificate year.

51. IDS Life deducts premium taxes of up to 3.5%, if applicable. Currently, IDS Life deducts any applicable premium tax when annuity payouts begin. However, IDS Life reserves the right to deduct this tax at other times such as when Purchase Payments are made or when the Contract is surrendered.

52. Assets invested in the Investment Funds are charged with the annual operating expenses of those Funds.

53. Applicants represent that the features and benefits of RAVA Advantage will be no less favorable than under the Old Contracts, with some exceptions for differences in the guaranteed interest rate under the fixed account investment option, lower annuity settlement rates and lower initial death benefits. Applicants also represent that, with some exceptions for the CDSC, the charge for administrative expenses and optional charges for optional death benefits, the fees and charges of the RAVA Advantage Contract will be no higher than those of the Old Contracts.

Terms of the Exchange Offer

54. Applicants propose to offer eligible owners of Old Contracts the opportunity to exchange their Old Contracts for RAVA Advantage by means of the Exchange Offer. Partial exchanges will not be permitted.

55. Initially, to be eligible for the Exchange Offer, an Old Contract owner must meet all of the following criteria: (i) Have completed ten or more contract or certificate years under the Old Contract; (ii) have not made Purchase Payments greater than \$2,000 in any tax year under the Old Contract in the 36 months prior to accepting the Exchange Offer (except for installment payments made under a scheduled payment plan); (iii) have a contract or certificate value ("Exchange Value") (plus any additional transfers or rollovers) that is at least equal to \$100,000; (iv) have a remaining CDSC of 2% or less of the contract or certificate value of the Old Contract; and (v) own a qualified annuity Contract. IDS Life reserves the right to extend the Exchange Offer to owners of Contracts who have completed less than ten contract or certificate years under the Old Contract, to owners of nonqualified annuity Contracts and to owners of Old Contracts with Exchange Values of less than \$100,000.

56. Due to market volatility, the Exchange Value (plus any additional transfers or rollovers for qualified

annuity Contracts, or any additional Purchase Payments or exchanges for nonqualified annuity Contracts, individually and collectively the "Additional Amounts") may drop below the \$100,000 eligible value between the time the internal exchange form and application are completed and mailed and the time they are received by IDS Life. If the Exchange Value (plus any Additional Amounts) does not drop more than 5% below the \$100,000 eligible value, the Old Contract owner would still be eligible to participate in the Exchange Offer. If the Exchange Value (plus any Additional Amounts) drops more than 5% below the \$100,000 eligible value, the Old Contract owner will not be eligible to participate in the Exchange Offer at that time. However, the internal exchange form and application can be resubmitted at a later date when the Exchange Value of the Old Contract (plus any Additional Amounts) meets the eligibility requirements.

57. Under RAVA Advantage, if the initial Purchase Payment is at least \$100,000, IDS Life will allocate a Purchase Payment Credit equal to 1% of the initial purchase payment and 1% of each subsequent Purchase Payment received. Due to market volatility, the Exchange Value (plus any Additional Amounts) may drop below this \$100,000 initial Purchase Payment amount. To increase the likelihood of remaining eligible to receive the 1% Purchase Payment Credit, the Old Contract owner could transfer that contract or certificate value allocated to the Old Accounts to the Old Account investing in the AXP VP Cash Management Fund while the exchange is pending to help reduce the risk of market volatility. The Old Contract owner then would be eligible for the Purchase Payment Credit of 1% of each Purchase Payment received based on an initial Purchase Payment of \$100,000. IDS Life also would allocate a Purchase Payment Credit of 1% of each Purchase Payment received if the owner elects the ten-year CDSC period.

58. If, due to market volatility, the initial Purchase Payment into RAVA Advantage drops below \$100,000, IDS Life will provide, from its general account assets, a 1% Exchange Credit based on the Purchase Payment applied to RAVA Advantage on that day the exchange is effected ("Exchange Date"). This 1% Exchange Credit will not apply to subsequent Purchase Payments into RAVA Advantage. IDS would still allocate a Purchase Payment Credit of 1% of each Purchase Payment received if the owner elects the ten-year CDSC period.

59. IDS Life also reserves the right to extend the Exchange Offer to owners of Old Contracts with Exchange Values of less than \$100,000. IDS Life will provide, from its general account assets, a 1% Exchange Credit based on the Exchange Value of the Old Contract. This 1% Exchange Credit will not apply to subsequent Purchase Payments into RAVA Advantage. IDS Life would still allocate a Purchase Payment Credit of 1% of each Purchase Payment received if the owner elects the ten-year CDSC period.

60. Upon the owner's acceptance of the Exchange Offer, IDS Life will issue a RAVA Advantage Contract with all applicable Purchase Payment Credits and Exchange Credits. No CDSC will be deducted upon the surrender of an Old Contract in connection with the exchange. The Exchange Value of each Old Contract, together with any applicable Additional Amounts, Purchase Payment Credits and Exchange Credits, will be applied to the new RAVA Advantage Contract as of the Exchange Date. The Exchange Date will be the contract date of the new RAVA Advantage Contract for purposes of determining contract years and anniversaries after the Exchange Date.

61. If the owner of the new RAVA Advantage Contract exercises the free-look option, IDS Life will recapture any Purchase Payment Credits and Exchange Credits. IDS Life will reverse either the RAVA Advantage contract value (less any Purchase payment Credits and Exchange Credits) or the Purchase Payment made to the RAVA Advantage Contract, depending on applicable law. IDS Life will apply this amount to restore the Old Contract to the extent possible. IDS Life will allocate this amount to the selected Old Contract investments in the proportions that existed just prior to the exchange. Any adjustments made due to investment experience will be allocated or deducted according to the selected investment percentage allocations under the Old Contract just prior to the exchange. Withdrawals made after the free look period under RAVA Advantage has expired will be governed by the terms of the RAVA Advantage Contract, including the application of the CDSC. To the extent a death benefit or surrender payment includes any Purchase Payment Credit and Exchange Credit amounts: (i) applied within twelve months preceding the date of death that results in a lump sum death benefit under RAVA Advantage; or (ii) applied within twelve months preceding a request for a CDSC waiver due to nursing home confinement, IDS

Life will recapture the Purchase Payment Credits and Exchange Credits.

62. IDS Life will notify all owners of the Old Contracts of the Exchange Offer through normal client communications such as updated prospectuses or prospectus supplements ("Program Announcement"). This Program Announcement: (i) Will describe the terms and conditions of the Exchange Offer; (ii) suggest to owners who may qualify that they contact their registered representatives to learn more about the Exchange Offer and to discuss their individual situations (including tax, financial planning and Contract considerations); and (iii) notify owners that IDS Life reserves the right to cancel the Exchange Offer at any time. In addition, IDS Life may send the information in the Program Announcement to some or all Old Contract owners via additional communications that also may include that owner's specific Contract information (such as Exchange Value and applicable CDSC).

63. IDS Life, either directly or through its registered representatives, will provide eligible Old Contract owners who are interested in learning more about the Exchange Offer with an Offering Communication that includes information outlined in the Program Announcement and additional information describing the Exchange Offer. The Offering Communication will state, in clear and plain English, that the Exchange Offer is not designed for a Contract owner who: (i) intends to hold the RAVA Advantage Contract as a short-term investment vehicle; or (ii) anticipates surrendering all or part (*i.e.* more than the 10% Free Withdrawal Amount on an annual basis) of his or her RAVA Advantage Contract before five to seven years (if the Old Contract owner would choose the seven-year CDSC period under RAVA Advantage) or eight to ten years (if the Old Contract owner would choose the ten-year CDSC period under RAVA Advantage). IDS Life will encourage Old Contract owners to carefully evaluate their personal financial planning situation when deciding whether to accept or reject the Exchange Offer.

64. In addition, the Offering Communication will explain how the owner of an Old Contract contemplating an exchange may avoid the applicable CDSC on the RAVA Advantage Contract by not surrendering more than the annual Free Withdrawal Amount and by holding any subsequent Purchase Payments until expiration of the CDSC period. In this regard, IDS Life will state, in clear and plain English, that if the owner surrenders the RAVA

Advantage Contract during the initial CDSC period: (i) the lower M&E charges and any applicable Purchase Payment Credits and Exchange Credits may be more than offset by the CDSC; and (ii) an Old Contract owner may be worse off than if he or she had rejected the Exchange Offer.

65. Furthermore, IDS Life will state, in clear and plain English, that guaranteed annuity settlement rates generally are lower under RAVA Advantage. Therefore, if the Old Contract owner contemplates annuitizing the RAVA Advantage Contract during the first few years, the lower settlement factors may more than offset the lower M&E charges and any applicable Purchase Payment Credits and Exchange Credits.

66. IDS Life will explain that due to market volatility, the Exchange Value (plus any Additional Amounts) may drop below \$100,000 between the time the internal exchange form and application are completed and mailed and the time they are received by IDS Life. An Old Contract owner could transfer that contract or certificate value allocated to the Old Accounts to the Old Account investing in the AXP VP Cash Management Fund while the exchange is pending to help reduce the risk of market volatility and help preserve the \$100,000 initial Purchase Payment into RAVA Advantage. In that case, the Old Contract owner would be eligible for the Purchase Payment Credit of 1% of each Purchase Payment received based on an initial Purchase Payment of \$100,000. If, due to market volatility, the initial Purchase Payment into RAVA is less than \$100,000, IDS Life will provide a 1% Exchange Credit based on the Purchase Payment applied to RAVA Advantage on the Exchange Date. Similarly, if IDS Life extends the Exchange Offer to owners of Old Contracts with Exchange Values of less than \$100,000, IDS Life will explain in the Offering Communication that it will provide a 1% Exchange Credit based on the Exchange Value of the Old Contract. The 1% Exchange Credit will not apply to subsequent Purchase Payments. IDS Life will allocate a Purchase Payment Credit of 1% of each Purchase Payment received if the owner elects the ten-year CDSC period.

67. In addition, IDS Life will prominently disclose that the guaranteed interest rate on RAVA Advantage's fixed account investment option may be less than the guaranteed interest rate on the Old Contract's fixed account investment option. IDS Life also will disclose that the current death benefit on the Old Contract may be greater than the initial death benefit on

RAVA Advantage. When applicable, IDS Life also will explain that owners of Old Contracts may lose some tax benefits. Finally, the Offering Communication will state that IDS Life may terminate the Exchange Offer at any time. The Offering Communication also will include a prospectus for the new RAVA Advantage Contract.

68. To accept the Exchange Offer, the owner of an Old Contract must complete an internal exchange form and application for the RAVA Advantage Contract. Applicants state that those Old Contract owners who accept the Exchange Offer will incur no current taxes and that the exchanges will constitute tax-free transfers, rollovers or exchanges pursuant to section 1035 of the Internal Revenue Code.

69. The Exchange Offer is meant to encourage existing Old Contract owners to remain with IDS Life rather than surrender their Contracts in exchange for a competitor's product. If the CDSC under RAVA Advantage did not apply to the Exchange Value, Applicants assert that IDS Life would have no assurance that an Old Contract owner who accepted the Exchange Offer would persist long enough for any applicable Purchase Payment Credits, Exchange Credits, payments to registered representatives and other relevant expenses to be recouped through standard fees from the ongoing operation of the RAVA Advantage Contract.

70. Applicants state that the commissions that IDS Life will pay its registered representatives for soliciting exchanges under the Exchange Offer are less than the normal commissions paid for soliciting sales of RAVA Advantage Contracts. Applicants assert that compensating IDS Life's registered representatives for these exchanges is necessary in order to provide sufficient incentive for them to compete with competitors' registered representatives.

71. IDS Life reserves the right to terminate the Exchange Offer at any time. If IDS Life terminates the Exchange Offer, it will send a notice to currently-eligible Old Contract owners ("Termination Notice"). The Termination Notice will state that Old Contract owners who wish to participate in the Exchange Offer must do so within two months from the date of the Termination Notice. The Termination Notice will contain all of the caveats described herein.

Applicants' Conditions

Applicants agree to the following conditions:

1. The Offering Communication and Termination Notice will contain

concise, plain English statements that: (i) The Exchange Offer is suitable only for an Old Contract owner who expects to hold RAVA Advantage as a long-term investment; (ii) if the RAVA Advantage Contract is surrendered during the initial CDSC period or annuitized during the first few years, the lower M&E charges and any applicable Purchase Payment Credits and Exchange Credits may be more than offset by the CDSC or lower annuity settlement rates and an Old Contract owner may be worse off than if he or she had rejected the Exchange Offer; (iii) IDS Life will allocate an Exchange Credit of 1% on the initial Purchase Payment applied (but not on subsequent Purchase Payments received) if the initial Purchase Payment to the RAVA Advantage Contract is less than \$100,000; (iv) the guaranteed interest rate on RAVA Advantage's fixed account option may be less than the guaranteed interest rate on the Old Contract's fixed account option; (v) the current death benefit on the Old Contract may be greater than the initial death benefit on RAVA Advantage; (vi) an Old Contract owner may lose some tax benefits (when applicable); and (vii) IDS Life reserves the right to terminate the Exchange Offer.

2. The Offering Communication will disclose in concise, plain English each aspect of the RAVA Advantage Contracts that could be less favorable than the Old Contracts.

3. IDS Life, either directly or through its registered representatives, will send an Offering Communication to eligible Old Contract owners who are interested in learning more about the Exchange Offer. An Old Contract owner choosing to exchange will then complete and sign an internal exchange form and RAVA Advantage application and return it to IDS Life. This internal exchange form will prominently restate in concise, plain English the caveats described above in Condition (1). If the internal exchange form is more than two pages long, IDS Life will use a separate document to obtain Contract owner acknowledgment of the caveats described in Condition (1).

4. IDS Life will maintain the following separately identifiable records in an easily accessible place for the time periods specified below in this Condition (4) for review by the Commission upon request: (i) Records showing the level of exchange activity and how it relates to the total number of Old Contract owners eligible to exchange (quarterly as a percentage of the number eligible); (ii) copies of any form of Program Announcements, Offering Communications, Termination

Notices and other written materials or scripts for presentations by registered representatives regarding the Exchange Offer that IDS Life either prepares or approves, including the dates that such materials were used; (iii) records containing information about each exchange transaction that occurs, including the name of the Contract owner, Old Contract and RAVA Advantage Contract numbers; the amount of CDSC waived on surrender of the Old Contract; Purchase Payment Credits and Exchange Credits paid; the name and CRD number of the registered representative soliciting the exchange, firm affiliation, branch office sales address, telephone number and the name of the registered representative's broker-dealer; commission paid; the internal exchange form (and separate document, if any, used to obtain the Old Contract owner's acknowledgement of the caveats required in Condition (1)) showing the name, date of birth, address and telephone number of the Contract owner and the date the internal exchange form (or separate document) was signed; amount of contract or certificate value exchanged, and persistency information relating to the RAVA Advantage Contract, including the date of any subsequent surrender and the amount of CDSC paid on the surrender; and (iv) logs showing a record of any Contract owner complaint about the exchange, state insurance department inquiries about the exchange, or litigation, arbitration, or other proceeding regarding any exchange. The logs will include the date of the complaint or commencement of the proceeding, name and address of the person making the complaint or commencing the proceeding, nature of the complaint or proceeding, and the persons named or involved in the complaint or proceeding. Applicants will retain records specified in (i) and (iv) for a period of six years after the date the records are created, records specified in (ii) for a period of six years after the date of last use, and records specified in (iii) for a period of two years after the date that the initial CDSC period of the RAVA Advantage Contract ends.

Applicants' Legal Analysis

1. Section 11(a) of the Act makes it unlawful for any registered open-end company, or any principal underwriter for such a company, to make or cause to be made an offer to the holder of a security of such company, or of any other open-end investment company, to exchange his or her security for a security in the same or another such company on any basis other than the

relative net asset values of the respective securities, unless the terms of the offer have first been submitted to and approved by the Commission or are in accordance with Commission rules adopted under Section 11.

2. Section 11(c) of the Act, in pertinent part, requires, in effect, that any offer of exchange of the securities of a registered unit investment trust for the securities of any other investment company be approved by the Commission or satisfy applicable rules adopted under Section 11, regardless of the basis of the exchange.

3. The purpose of section 11 of the Act is to prevent "switching," the practice of inducing security holders of one investment company to exchange their securities for those of a different investment company solely for the purpose of exacting additional selling charges. That type of practice was found by Congress to be widespread in the 1930s prior to the adoption of the Act.

4. Section 11(c) of the Act requires Commission approval (by order or by rule) of any exchange, regardless of its basis, involving securities issued by a unit investment trust, because investors in unit investment trusts were found by Congress to be particularly vulnerable to switching operations.

5. Applicants assert that the potential for harm to investors perceived in switching was its use to extract additional sales charges from those investors. Applicants further assert that the terms of the proposed Exchange Offer do not present the abuses against which Section 11 was intended to protect. The Exchange Offer was designed to allow IDS Life to compete on a level playing field with its competitors who are making bonus offers to its current Old Contract owners. No additional sales load or other fee will be imposed at the time of exercise of the Exchange Offer.

6. Rule 11a-2, by its express terms, provides Commission approval of certain types of offers of exchange of one variable annuity contract for another. Applicants assert that other than the relative net asset value requirement (which is not satisfied because exchanging Old Contract owners could potentially be given Purchase Payment Credits and Exchange Credits), the only part of Rule 11a-2 that would not be satisfied by the proposed Exchange Offer is the requirement that payments under the Old Contract be treated as if they had been made under the new RAVA Advantage Contract on the dates actually made. This provision of Rule 11a-2 is often referred to as a "tacking" requirement because it has the effect of "tacking together" the

CDSC expiration periods of the exchanged and acquired contracts.

7. Applicants assert that the absence of tacking does not mean that an exchange offer cannot be attractive and beneficial to investors. Applicants state that the proposed Exchange Offer would assure an immediate and enduring economic benefit to investors for the following reasons: (i) RAVA Advantage has a lower M&E charge than the Old Contracts; (ii) RAVA Advantage Contract owners receive applicable Purchase Payment Credits and Exchange Credits; (iii) RAVA Advantage has more Investment Funds, giving RAVA Advantage owners the opportunity for greater diversification and asset allocation; and (iv) RAVA Advantage offers optional Enhanced Death Benefits, for an additional cost, that may provide substantive value to beneficiaries. Applicants assert that an owner who expects to hold RAVA Advantage as a long-term investment will receive the economic benefits of the Exchange Offer. No sales charge will ever be paid on the amounts exchanged unless the RAVA Advantage Contract is surrendered before expiration of the CDSC period that owner has chosen.

8. Applicants assert that tacking should be viewed as a useful way to avoid the need to scrutinize the terms of an offer of exchange to make sure that there is no abuse. Tacking is not a requirement of Section 11. Rather, it is a creation of a rule designed to approve the terms of offers of exchange "sight unseen." Tacking focuses on the closest thing to multiple deduction of sales loads that is possible in a CDSC context—multiple exposure to sales loads upon surrender or redemption. If tacking and other safeguards of Rule 11a-2 are present, there is no need for the Commission or its staff to evaluate the terms of the offer. The absence of tacking in this fully scrutinized Section 11 application will have no impact on offers made pursuant to the rule on a "sight unseen" basis.

9. Applicants assert that the terms of the Exchange Offer are better than those of IDS Life's competitors. Unlike the Exchange Offer, when Old Contract owners exchange into competitors' contracts, they must pay any remaining CDSC on the Old Contracts at the time of the exchange. No tacking is required when IDS Life's competitors offer their variable annuity contracts to owners of Old Contracts or when IDS Life makes such an offer to competitors' contract owners.

10. To the extent there are differences in the Contracts, those differences relate to enhanced contractual features and charges that are fully described in the

prospectus for the RAVA Advantage Contract. Furthermore, the Offering Communication (and any Termination Notice) will contain concise, plain English statements that: (i) The Exchange Offer is suitable only for an Old Contract owner who expects to hold RAVA Advantage as a long-term investment; (ii) if the RAVA Advantage Contract is surrendered during the initial CDSC period or annuitized during the first few years, the lower M&E charges and any applicable Purchase Payment Credits and Exchange Credits may be more than offset by the CDSC or lower annuity settlement rates and an Old Contract owner may be worse off than if he or she had rejected the Exchange Offer; (iii) IDS Life will allocate an Exchange Credit of 1% on the initial Purchase Payment applied (but not on subsequent Purchase Payments received) if the initial Purchase Payment to the RAVA Advantage Contract is less than \$100,000; (iv) the guaranteed interest rate on RAVA Advantage's fixed account option may be less than the guaranteed interest rate on the Old Contract's fixed account option; (v) the current death benefit on the Old Contract may be greater than the initial death benefit on RAVA Advantage; (vi) an Old Contract owner may lose some tax benefits (when applicable); and (vii) IDS Life reserves the right to terminate the Exchange Offer. Applicants assert that Contract owners should have the opportunity to decide, on the basis of full and fair disclosure, whether the enhancements of the RAVA Advantage Contract justify accepting the offer.

Conclusion

Applicants submit, for the reasons stated herein, that the Exchange Offer is consistent with the protections provided by Section 11 of the Act, and that approval of the Exchange Offer is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants submit that the requested order approving the terms of the proposed Exchange Offer therefore should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-4054 Filed 2-19-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25421; 812-12760]

DFA Investment Dimensions Group Inc., et al.

February 13, 2002.

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

ACTION: Notice of Application for Exemption under Section 6(c) of the Investment Company Act of 1940, as amended (the "1940 Act"), for an exemption 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.

APPLICANTS: DFA Investment Dimensions Group Inc. (the "Fund") and Dimensional Fund Advisors, Inc. ("DFA") (the Fund together with DFA, are the "Applicants").

SUMMARY OF APPLICATION: Applicants and certain life insurance companies and their separate accounts that currently invest or may hereafter invest in the Fund (and, to the extent necessary, any investment adviser, principal underwriter and depositor of such an account) seek exemptive relief 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 Fund and shares of any other investment company or portfolio that is designed to fund insurance products and for which DFA or any of its affiliates may serve in the future as investment adviser, manager, principal underwriter, sponsor, or administrator ("Future Funds") (the Fund, together with Future Funds, are the "Funds") to be sold to and held by: (i) separate accounts funding variable annuity and variable life insurance contracts (collectively referred to herein as "Variable Contracts") issued by both affiliated and unaffiliated life insurance companies; (ii) qualified pension and retirement plans ("Qualified Plans") outside of the separate account context; (iii) separate accounts that are not registered as investment companies under the 1940 Act pursuant to exemptions from registration under Section 3(c) of the 1940 Act; (iv) DFA or certain related corporations (collectively "DFA"); and (v) any other person permitted to hold shares of the Funds pursuant to Treasury Regulation 1.817-5 ("General Accounts"), including the general account of any life insurance company whose separate account holds, or will

hold, shares of the Funds or certain related corporations.

FILING DATES: The application was filed on January 18, 2002.

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 March 8, 2002, 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 Stradley, Ronon, Stevens & Young, LLP, 2600 One Commerce Square, Philadelphia, PA 19103-7098, Attention: Mark A. Sheehan, Esq.

FOR FURTHER INFORMATION CONTACT: Patrick Scott, Attorney, or Lorna MacLeod, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

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

Applicants' Representations

1. The Fund is registered with the Commission as an open-end management investment company and is organized as a Maryland corporation. DFA is registered with the Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and serves as the investment adviser to the Fund. The Fund currently consists of thirty-eight investment portfolios, including six investment portfolios that are sold only to separate accounts of insurance companies in conjunction with variable life and variable annuity contracts: VA Small Value Portfolio, VA Large Value Portfolio, VA International Value Portfolio, VA International Small Portfolio, VA Short-Term Fixed Portfolio and VA Global Bond Portfolio (each, a "Portfolio," and collectively, the "Portfolios"). The Fund or any Future Funds may offer one or more