Computer Matching and Privacy Act of 1988 (54 FR 25818). Security safeguards include limiting access only to the files agreed to and only to agency personnel having a ''need to know.'' All automated records will be password protected and the data listing will be locked in file areas after normal duty hours. Records matched or created by the match will be stored in an area that is physically safe from access by unauthorized persons during normal work hours and after work, or when not in use.

E. *Disposal of Records.* The files will remain the property of the respective source agencies and all records including those not containing matches will be returned to the source agency for destruction. ''Hits,'' those records relating to matched individuals, will be disposed of in accordance with the Privacy Act and the Federal Record Schedules after serving their purpose. The data obtained from confirmed hits will be entered in the claims file, subject to release only in accordance with the provisions of the Privacy Act.

[FR Doc. 03–25946 Filed 10–14–03; 8:45 am]

BILLING CODE 6325–50–P

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17f–2(a) SEC File No. 270–34 OMB Control No. 3235–0034.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 17f–2(a) Fingerprinting Requirements for Securities Professionals. Rule 17f–2(a) requires that securities professionals be fingerprinted. This requirement serves to identify security risk personnel, to allow an employer to make fully informed employment decisions, and to deter possible wrongdoers from seeking employment in the securities industry. Partners, directors, officers, and employees of exchanges, brokers, dealers, transfer agents, and clearing agencies are included.

It is estimated that approximately 10,000 respondents will submit fingerprint cards. It is also estimated that each respondent will submit 55 fingerprint cards. The staff estimates that the average number of hours necessary to comply with the Rule 17f–2(a) is one-half hour. The total burden is 275,000 hours for respondents, based upon past submissions. The average cost per hour is approximately $50. Therefore, the total cost of compliance for respondents is $13,750,000.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Kenneth A. Fogash, Acting Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: October 6, 2003.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–25972 Filed 10–14–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

Issuer Delisting; Notice of Application To Withdraw From Listing and Registration on the Boston Stock Exchange, Inc. (Able Laboratories, Inc., Common Stock, $.01 par value) File No. 1–11352

October 8, 2003.

Able Laboratories, Inc., a Delaware corporation (''Issuer''), has filed an application with the Securities and Exchange Commission (''Commission''), pursuant to Section 12(d) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 12d2–2(d) thereunder,[2] to withdraw its Common Stock, $.01 par value (''Security''), from listing and registration on the Boston Stock Exchange, Inc, (''BSE'' or ''Exchange'').

On September 19, 2003, the Board of Directors (''Board'') of the Issuer approved a resolution to withdraw the Security from listing on the Exchange. The Board states that it made the decision to withdraw the Security from listing and registration on the BSE because the Security has been listed to trade on the Nasdaq National Market since February 27, 2003.

The Issuer stated in its application that it has met the requirements of the BSE rules governing an issuer's voluntary withdrawal of a security from listing and registration. The Issuer's application relates solely to the Security's withdrawal from listing on the BSE and from registration under Section 12(b) of the Act[3] and shall not affect its obligation to be registered under Section 12(g) of the Act.[4]

Any interested person may, on or before October 30, 2003, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609, facts bearing upon whether the application has been made in accordance with the rules of the BSE and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[5]

Jonathan G. Katz,

Secretary.

[FR Doc. 03–25974 Filed 10–14–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–26203; File No. 812–12981]

MLIG Variable Insurance Trust and Roszel Advisors, LLC; Notice of Application

October 8, 2003.

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

ACTION: Notice of application for an order pursuant to Section 6(c) of the

[1] 15 U.S.C. 78*l*(d).

[2] 17 CFR 240.12d2–2(d).

[3] 15 U.S.C. 78*l*(b).

[4] 15 U.S.C. 78*l*(g).

[5] 17 CFR 200.30–3(a)(1).

Investment Company Act of 1940, as amended, (the ''Act'') granting relief from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the Act and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder.

APPLICANTS: MLIG Variable Insurance Trust (the ''Trust'') and Roszel Advisors, LLC (''Roszel Advisors'').

SUMMARY OF APPLICATION: Applicants seek exemptions to permit life insurance company separate accounts supporting variable life insurance contracts (and their insurance company depositors) to invest in shares of the Trust or a ''future trust'' when the following other types of investors also hold shares of the Trust or a future trust: (1) A variable life insurance (''VLI'') account of a life insurance company that is not an affiliated person of the insurance company depositor of any other VLI account, (2) the Trust's or future trust's investment adviser (representing seed money investments in the Trust or future trust), (3) a life insurance company separate account supporting variable annuity contracts (a ''VA account''), or (4) a qualified pension or retirement plan. A ''future trust'' is any investment company (or investment portfolio or series thereof), other than the Trust, shares of which are to be sold to VLI accounts and to which applicants or their affiliates may in the future serve as investment advisers, investment sub-advisers, investment managers, administrators, principal underwriters or sponsors.

FILING DATE: The application was filed on May 29, 2003 and was amended and restated on September 26, 2003.

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 on this application by writing to the Secretary of the Commission and serving applicants with a copy of the request, in person or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 3, 2003, and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requestor'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 Fifth Street NW., Washington, DC 20549–0609. Applicants, c/o Edward W. Diffin, Jr., Esq., Vice President and Senior Counsel, Merrill Lynch Insurance Group, Inc., 1300 Merrill Lynch Drive, Pennington, New Jersey 08534. Copy to David S. Goldstein, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue NW., Washington, DC 20004–2415.

FOR FURTHER INFORMATION CONTACT: H. Yuna Peng, Attorney, at (202) 942–0676, or Lorna J. MacLeod, Branch Chief, at (202) 942–6070, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the Commission, 450 5th Street NW., Washington, DC 20549 (tel. (202) 942–8090).

Applicants Representations

1. The Trust is a business trust organized under the laws of Delaware on February 14, 2002. It is registered under the Act as an open-end management investment company and is a series investment company as defined by Rule 18f-2 under the Act. It is currently comprised of twenty-four investment portfolios. It issues a separate series of shares of beneficial interest in connection with each investment portfolio (each, a ''Portfolio''). It may offer each series of its shares to VLI accounts and VA accounts of various life insurance companies (''participating insurance companies'') and to pension and retirement plans qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the ''Code'') (''plans'').

2. Each VLI account and VA account will be established as a segregated asset account by a participating insurance company pursuant to the insurance law of the insurance company's state of domicile. As such, the assets of each will be the property of the participating insurance company and that portion of the assets of such an account equal to the reserves and other contract liabilities with respect to the account will not be chargeable with liabilities arising out of any other business that the insurance company may conduct. The income, gains and losses, realized or unrealized from such an account's assets will be credited to or charged against the account without regard to other income, gains or losses of the insurance company. If a VLI account or VA account is registered as an investment company, it will be a ''separate account'' as defined by Rule 0–1(e) (or any successor rule) under the Act and will be registered as a unit investment trust. For purposes of the Act, the life insurance company that establishes such a registered VLI account or VA account is the depositor and sponsor of the account as those terms have been interpreted by the Commission with respect to variable life insurance and variable annuity separate accounts.

3. The plans will be pension or retirement plans intended to qualify under Sections 401(a) and 501(a) of the Code. Many of the plans will include a cash or deferred arrangement (permitting salary reduction contributions) intended to qualify under Section 401(k) of the Code. The plans will also be subject to, and will be designed to comply with, the provisions of the Employee Retirement Income Security Act of 1974 (''ERISA'') applicable to either defined benefit or to defined contribution profit-sharing plans.

4. Roszel Advisors is a Delaware limited liability company organized on April 5, 2002. Roszel Advisors is registered as an investment adviser under the Investment Advisers Act of 1940. Roszel Advisors is a wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc., and is an ''affiliated person'' of the Trust as defined in Section 2(a)(3) of the Act. Roszel Advisors serves as the investment adviser to the Trust and each of the Portfolios. Roszel Advisors, under the direction of the Trust's board of trustees, is responsible for the overall business management of the Trust and for retaining investment subadvisers (''Subadvisers'') to manage the assets of each Portfolio. Pursuant to an order under Section 6(c) of the Act granting exemption from Section 15(a) of the Act and Rule 18f–2 under the Act, Roszel Advisors uses a ''manager of managers'' approach to selecting and supervising Subadvisers to manage the assets of the Portfolios.

5. The Trust proposes to offer and sell its shares to VLI accounts and VA accounts of various participating insurance companies to serve as an investment medium to support variable life insurance contracts (''VLI contracts'') and variable annuity contracts (''VA contracts'') (together, ''variable contracts'') issued through such accounts. As described more fully below, the Trust will only sell its shares to registered VLI accounts and registered VA accounts if each participating insurance company sponsoring such a VLI account or VA account enters into a participation agreement with the Trust. The participation agreements will define the relationship between the Trust and each

participating insurance company and will memorialize, among other matters, the fact that, except where the agreement specifically provides otherwise, the participating insurance company will remain responsible for establishing and maintaining any VLI account or VA account covered by the agreement and for complying with all applicable requirements of state and federal law pertaining to such accounts and to the sale and distribution of variable contracts issued through such accounts.

6. The use of a common management investment company (or investment portfolio thereof) as an investment medium for both VLI accounts and VA accounts of the same insurance company, or of two or more insurance companies that are affiliated persons of each other, is referred to herein as ''mixed funding.'' The use of a common management investment company (or investment portfolio thereof) as an investment medium for VLI accounts and/or VA accounts of two or more insurance companies that are not affiliated persons of each other, is referred to herein as ''shared funding.''

7. The Trust may sell its shares directly to the plans. Federal tax law permits investment companies such as the Trust to increase their net assets by selling shares to qualified pension and retirement plans such as the plans. Section 817(h) of the Code imposes certain diversification standards on the assets underlying variable contracts, such as those in each Portfolio of the Trust. The Code provides that variable contracts will not be treated as annuity contracts or life insurance contracts, as the case may be, for any period (or any subsequent period) for which the underlying assets are not, in accordance with regulations issued by the Treasury Department, adequately diversified. On March 2, 1989, the Treasury Department issued regulations (Treas. Reg. 1.817–5) which established specific diversification requirements for investment portfolios underlying variable contracts. The regulations generally provide that, in order to meet these diversification requirements, all of the beneficial interests in the investment company must be held by the segregated asset accounts of one or more life insurance companies. Notwithstanding this, the regulations also contain an exception to this requirement that permits trustees of a qualified pension or retirement plan to hold shares of an investment company, the shares of which are also held by insurance company segregated asset accounts, without adversely affecting the status of the investment company as an adequately diversified underlying investment for variable contracts issued through such segregated asset accounts (Treas. Reg. 1.817–5(f)(3)(iii)).

8. As a result of this exception to the general diversification requirement, qualified pension and retirement plans, such as the plans, may hold Trust shares and select a Portfolio or an investment portfolio of any future trust as an investment option without endangering the tax status of variable contracts as life insurance or annuities, respectively. Trust shares sold to the plans would be held by the trustees of the plans as required by Section 403(a) of ERISA. The trustees or other fiduciaries of the plans may vote Trust shares held by their plans in their own discretion or, if the applicable plan so provides, vote such shares in accordance with instructions from participants in such plans. The use of a common management investment company (or investment portfolio thereof) as an investment medium for VLI accounts, VA accounts and plans, is referred to herein as ''extended mixed funding.''

Applicants' Legal Analysis

9. Rule 6e–2(b)(15) under the Act provides partial exemptions from Sections 9(a), 13(a), 15(a), and 15(b) of the Act to VLI accounts supporting scheduled premium VLI contracts and to their life insurance company depositors. The exemptions granted by the Rule are available, however, only where the Trust offers its shares exclusively to VLI accounts of the same participating insurance company and/or of participating insurance companies that are affiliated persons of the same participating insurance company and then, only where scheduled premium VLI contracts are issued through such VLI accounts. Therefore, VLI accounts, their depositors and their principal underwriters may not rely on the exemptions provided by Rule 6e–2(b)(15) if shares of the Trust are held by a VLI account through which flexible premium VLI contracts are issued, a VLI account of an unaffiliated participating insurance company, an unaffiliated investment adviser, any VA account or a plan. In other words, Rule 6e–2(b)(15) does not permit a scheduled premium VLI account to invest in shares of a management investment company that serves as a vehicle for mixed funding, extended mixed funding or shared funding.

10. Rule 6e–3(T)(b)(15) under the Act provides partial exemptions from Sections 9(a), 13(a), 15(a), and 15(b) of the Act to VLI accounts supporting flexible premium variable life insurance contracts and their life insurance company depositors. The exemptions granted by the Rule are available, however, only where the Trust offers its shares exclusively to VLI accounts (through which either scheduled premium or flexible premium contracts are issued) of the same participating insurance company and/or of participating insurance companies that are affiliated persons of the same participating insurance company, VA accounts of the same participating insurance company or of affiliated participating insurance companies, or the general account of the same participating insurance company or of affiliated participating insurance companies. Therefore, VLI accounts, their depositors and their principal underwriters may not rely on the exemptions provided by Rule 6e–3(T)(b)(15) if shares of the Trust are held by a VLI account of an unaffiliated participating insurance company, a VA account of an unaffiliated participating insurance company, the general account of an unaffiliated participating insurance company, an unaffiliated investment adviser or a plan. In other words, Rule 6e–3(T)(b)(15) permits VLI accounts supporting flexible premium VLI contracts to invest in shares of a management investment company that serves as a vehicle for mixed funding but does not permit such a VLI account to invest in shares of a management investment company that serves as a vehicle for extended mixed funding or shared funding.

11. In general, Section 9(a) of the Act disqualifies any person convicted of certain offenses, and any company affiliated with that person, from acting or serving in various capacities with respect to a registered investment company. More specifically, paragraph (3) of Section 9(a) provides that it is unlawful for any company to serve as investment adviser or principal underwriter for any registered open-end investment company if an affiliated person of that company is subject to a disqualification enumerated in Sections 9(a)(1), or (2).

12. Subject to the limitations described above, Rule 6e–2(b)(15)(i) and (ii) and Rule 6e–3(T)(b)(15)(i) and (ii) provide exemptions from Section 9(a) to VLI accounts and their affiliates under certain circumstances and subject to certain conditions that would limit the application of the eligibility restrictions to affiliated individuals or companies that directly participate in the management of the Trust. The relief provided by Rule 6e–2(b)(15)(i) and Rule 6e–3(T)(b)(15)(i) permits a person disqualified under Section 9(a) to serve as an officer, director, or employee of a

participating insurance company, or any of the insurance company's affiliates, as long as that person does not participate directly in the management or administration of the Trust. The relief provided by Rule 6e–2(b)(15)(ii) and Rule 6e–3(T)(b)(15)(ii) permits a participating insurance company to serve as the Trust's investment adviser or principal underwriter, provided that none of its personnel who are ineligible pursuant to Section 9(a) of the Act are participating in the management or administration of the Trust.

13. The partial relief provided by Rules 6e–2(b)(15) and 6e–3(T)(b)(15) limits, in effect, the amount of monitoring of personnel that a participating insurance company and its affiliates would otherwise have to conduct to ensure compliance with Section 9 to that which is appropriate in light of the policy and purposes of Section 9. These Rules recognize that it is not necessary for the protection of investors or the purposes fairly intended by the policy and provisions of the Act to apply the provisions of Section 9(a) to the many hundreds of individuals in a large insurance company complex, most of whom typically have no involvement in matters pertaining to investment companies affiliated with such an organization. These Rules also recognize that, in connection with the Trust, there exists no necessity to apply Section 9(a) to individuals in various participating insurance companies who would have no relationship to the Trust other than that their employer utilizes the Trust to support variable contracts. No regulatory purpose would be served in extending the Section 9(a) monitoring requirements because of mixed funding, extended mixed funding or shared funding. Participating insurance companies and plans are not expected to play any significant role in the management of the Trust. Those individuals at Roszel Advisors who would participate in the management of the Trust will do so regardless of which VLI accounts, VA accounts and plans invest in the Trust. The increased expense of extending the Section 9(a) monitoring requirements to participating insurance companies or plans could reduce the net return realized by investors in VLI accounts, VA accounts or plans and would not provide any material benefit to such investors.

14. Rule 6e–2(b)(15)(iii) and Rule 6e–3(T)(b)(15)(iii) provide partial exemptions from Sections 13(a), 15(a) and 15(b) of the Act to the extent that those Sections have been deemed by the Commission to require ''pass-through'' voting with respect to management investment company shares held by an insurance company separate account, in order to permit the insurance company to disregard the voting instructions of its VLI contract owners (''VLI owners'') in certain limited circumstances. Because the Commission has deemed Sections 13(a), 15(a) and 15(b) to require a participating insurance company to vote all shares of the Trust held by a VLI account in accordance with instructions from VLI owners, the partial exemption from these sections provided by subparagraph (b)(15)(iii)(A)(1) of the Rules 6e–2 and 6e–3(T) would permit a participating insurance company to disregard the voting instructions of such VLI owners when required to do so by any insurance regulatory authority (subject to the provisions of paragraphs (b)(5)(i) and (b)(7)(ii)(A) of Rules 6e–2 and 6e–3(T)), if following such instructions would cause the insurance company to: (1) make (or refrain from making) certain investments that would result in changes in the subclassification or investment objectives of the Trust, or (2) approve or disapprove any contract between the Trust and Roszel Advisors (or another investment adviser or subadviser).

15. Subparagraph (b)(15)(iii)(B) of Rule 6e–2 and subparagraph (b)(15)(iii)(A)(2) of Rule 6e–3(T) would permit a participating insurance company to disregard the voting instructions of such VLI owners if the owners initiate any change in the Trust's investment policies, principal underwriter, or investment adviser (provided that disregarding such voting instructions is reasonable and subject to the other provisions of paragraphs (b)(5)(ii), (b)(7)(ii)(B) and (b)(7)(ii)(C) of Rules 6e–2 and 6e–3(T)).

16. Because the Commission has deemed Sections 13(a), 15(a) and 15(b) to require any participating insurance company to vote all shares of the Trust held by the insurer's VLI accounts in accordance with instructions from owners of variable life insurance contracts issued through such account, the partial exemption from these sections provided by subparagraph (b)(15)(iii) of Rule 6e–2 and subparagraph (b)(15)(iii)(A)(1) of the Rule 6e–3(T) is one that almost all VLI accounts and their participating insurance companies may need to rely on.

17. Both Rule 6e–2 and Rule 6e–3(T) generally recognize that a variable life insurance contract is primarily a life insurance contract containing many important elements unique to life insurance contracts and subject to extensive state insurance regulation. Applicants assert that in adopting subparagraph (b)(15)(iii) of these Rules, the Commission implicitly recognized that state insurance regulators have authority, pursuant to state insurance laws or regulations, to disapprove or require changes in investment policies, investment advisers, or principal underwriters.

18. If the Trust serves as an investment vehicle for mixed funding, extended mixed funding or shared funding, the exemptions otherwise provided by Rule 6e–2(b)(15) would not be available to VLI accounts and their participating insurance company depositors and principal underwriters. Likewise, if the Trust serves as an investment vehicle for extended mixed funding or shared funding, the exemptions otherwise provided by Rule 6e–3(T)(b)(15) would not be available to VLI accounts and their participating insurance companies and principal underwriters.

19. Applicants maintain that VLI owners and VA owners, as investors in the Trust, would have substantially identical interests. Likewise, owners of scheduled premium VLI contracts and flexible premium VLI contracts would, as investors in the Trust, have virtually identical interests.

20. Each Portfolio is, or will be, managed to attempt to achieve the investment objective or objectives of such Portfolio, and not to favor or disfavor any particular participating insurance company or type of variable contract. Applicants assert that there is no reason to believe that the different features of various types of variable contracts, including any ''minimum death benefit'' guarantee under certain VLI contracts, will lead to different investment policies for different types of variable contracts. To the extent that the degree of risk may differ between VLI contracts and VA contracts, the different insurance charges imposed, in effect, adjust any such differences and equalize the insurers' exposure to risk in either case.

21. Furthermore, no single investment strategy is appropriate to one particular type of variable contract but not another. Each pool of VLI owners and VA owners is composed of individuals of diverse financial status, age, and insurance and investment goals. A Portfolio supporting one type of variable contract must accommodate these diverse factors in order to attract and retain owners of other types of variable contracts. Permitting mixed funding will facilitate the success of each Portfolio and will broaden the base of VLI owners and VA owners and encourage the Trust to add additional Portfolios.

22. Applicants maintain that qualified retirement plan investors in the Trust would have substantially the same interests as do VLI owners and VA owners. Like VLI and VA owners, qualified retirement plan investors are long-term investors. Therefore, most can be expected not to withdraw their assets from the plans.

23. In addition, neither VLI and VA owners on the one hand, nor plan investors on the other, would be taxed on the investment return of their respective investments in the Trust. Therefore, they would share a strong interest in the Trust operating in a manner that preserves this tax status. For example, material conflicts between these two groups of investors regarding capital transactions would be unlikely to occur. In this regard, ERISA imposes general diversification requirements on qualified pension or retirement plan investments that are wholly consistent with those required of each Portfolio under Section 817(h) of the Code.

24. VLI accounts, VA accounts and the plans are governed in similar ways. Plan committees (and other plan fiduciaries) have a fiduciary duty to participants that is similar to the obligations that a participating insurance company has to look after the interests of its VLI owners and VA owners. In this respect, applicants note that participating insurance companies and their VLI accounts would not require any exemptions from the Act other than those necessary for mixed funding and shared funding if participants in certain qualified pension and retirement plans invest indirectly in the Trust when their plan purchases a variable annuity contract offered by participating insurance company in the qualified plan market. The various plans may or may not offer an annuity option.

25. In light of the fact that plan investors would have beneficial interests in the Trust very similar to those of VLI owners and VA owners, applicants assert that, provided that they (and VLI accounts and participating insurance companies) comply with the conditions explained below, the addition of the plans as shareholders of the Trust and the addition of participants as persons having beneficial interests in the Trust should not increase the risk of material irreconcilable conflicts among and between investors. Applicants further assert that even if a material irreconcilable conflict involving the plans, or participants arose, the trustees (or other fiduciaries) of the plans, unlike participating insurance companies, can, if their fiduciary duty to the participants requires it, redeem the shares of the Trust held by the plans and make alternative investments without obtaining prior regulatory approval. Similarly, most, if not all, of the plans, unlike the VLI accounts or the VA accounts, may hold cash or other liquid assets pending their reinvestment in a suitable alternative investment.

26. Applicants maintain that VLI owners and VA owners would benefit from the expected increase in net assets of the Portfolios occasioned by participant investments. Not only should such additional investments not increase the likelihood of material irreconcilable conflicts of interests between or among different types of investors, but such additional investments should reduce some of the costs of investing for variable contract owners. In particular, additional investments would promote economies of scale, permit increased safety through greater portfolio diversification, provide each Portfolio's investment adviser with greater flexibility due to a larger portfolio and make the addition of future new Portfolios more feasible.

27. When the Commission last revised Rule 6e–3(T) in 1987, the Treasury Department had not issued the current regulations (Treas. Reg. 1.817–5) which make it possible for the Trust to sell shares to qualified pension or retirement plans without adversely affecting the tax status of VLI contracts and VA contracts. Applicants submit that, although proposed regulations had been published, the Commission did not envision this possibility when it last examined paragraph (b)(15) of the Rule and might well have broadened the exclusivity provision of that paragraph at that time to include plans such as the plans had this possibility been apparent. In this regard, the Commission has recently issued a number of orders under Section 6(c) granting the same exemptions requested herein to other applicants in very similar circumstances.

28. In light of the fact that the proposed plan investments in the Trust should not increase the likelihood of material irreconcilable conflicts and would otherwise benefit VA owners and VLI owners and in light of the recent supporting precedent, applicants believe that the Commission should grant the requested exemptions.

29. Applicants do not believe that plan investments in the Trust would increase the potential for material irreconcilable conflicts of interest between or among different types of investors. Section 403(a) of ERISA provides that the trustee(s) of a plan must have exclusive authority and discretion to manage and control the plan with two exceptions: (1) when the plan expressly provides that the trustee(s) are subject to the direction of a named fiduciary who is not a trustee, in which event the trustee(s) are subject to proper directions made in accordance with the terms of the plan and not contrary to ERISA, and (2) when the authority to manage, acquire or dispose of assets of the plan is delegated to one or more investment advisers pursuant to Section 402(c)(3) of ERISA. Absent one of these exceptions, the trustee(s) of the plans would have the exclusive authority and responsibility for exercising voting rights attributable to their plan's investment securities. Where a named fiduciary appoints an investment adviser, the adviser has the authority and responsibility to exercise such voting rights unless the authority and responsibility is reserved to the trustee(s) or a non-trustee fiduciary.

30. Applicants generally expect many of the plans to have their trustees or other fiduciaries exercise voting rights attributable to investment securities held by the plans in their discretion. Some of the plans, however, may provide for the trustee(s), an investment adviser (or advisers) or another named fiduciary to exercise voting rights in accordance with instructions from participants.

31. Where plans do provide participants with the right to give voting instructions, applicants see no reason to believe that participants in the plans generally or those in a particular plan, either as a single group or in combination with participants in other plans, would vote in a manner that would disadvantage VLI owners or VA owners. The purchase of Trust shares by the plans that provide voting rights does not present any complications not otherwise occasioned by mixed funding or by shared funding.

32. Section 817(h) of the Code is the codification of certain aspects of a series of published and unpublished rulings issued by the Internal Revenue Service directed at the control of investments supporting most VLI contracts and VA contracts. In light of Treasury Regulation 1.817–5(f)(3)(iii) which specifically permits ''qualified pension or retirement plans'' and separate accounts to share the same underlying management investment company, applicants have concluded that neither the Code, nor other Treasury Regulations or revenue rulings thereunder, would create any inherent conflicts of interest between or among plan investors, VLI owners and VA owners.

33. Although there are differences in the manner in which distributions from

the plans and distributions from VLI and VA contracts are taxed, applicants maintain that these differences will have no impact on the Trust. VLI accounts, VA accounts, participating insurance companies and the plans each will redeem Trust shares in the same manner and using the same procedures. Each will purchase and redeem such shares at net asset value in conformity with Rule 22c–1 under the Act.

34. Applicants do not see any greater potential for material irreconcilable conflicts arising between the interests of plan investors and other Trust investors from possible future changes in the federal tax laws than that which already exists with regard to such conflicts arising between VLI owners and VA owners.

35. Applicants assert that the holding of Trust shares by separate accounts of unaffiliated insurance companies would not entail greater potential for material irreconcilable conflicts arising between or among the interests of VLI owners and VA owners than would mixed funding. Likewise, the holding of Trust shares by separate accounts of unaffiliated insurance companies would not entail greater potential for material irreconcilable conflicts arising between or among the interests of VLI owners, VA owners and plan investors than would extended mixed funding where only separate accounts of affiliated participating insurance companies held such shares.

36. A particular state insurance regulator could require action of an insurer domiciled or licensed in its jurisdiction that conflicts with or is inconsistent with the regulatory requirements of or actions required by the regulator of another state where that insurer is domiciled or licensed. The fact that different insurance companies are domiciled in different states does not enlarge or create significantly different issues in connection with conflicting state regulatory requirements. Affiliation among or between such insurance companies does not diminish the potential for such issues to arise nor, in light of the source of such issues, does it dramatically increase the likelihood of their being resolved.

37. Concern also has existed that material irreconcilable conflicts between or among the interests of VLI owners and/or VA owners of unaffiliated insurance companies were more likely to arise in the event that such companies exercised their limited right to disregard VLI owner voting instructions than would be the case between or among affiliated companies. Applicants assert, however, that the right of an insurance company to disregard VLI owner voting instructions does not raise any issues different from those raised by the authority of different state insurance regulators over separate accounts. Similarly, affiliation between or among insurance companies does not diminish or eliminate the potential for divergent judgments by such companies as to the advisability or legality of a change in investment policies, principal underwriter or investment adviser of a mutual fund in which their separate account invests. Applicants believe that the potential for disagreement between or among insurance companies is limited by requirements in Rule 6e–2 and Rule 6e–3(T) that a company's disregard of voting instructions be reasonable and based on specific good faith determinations. Moreover, in the event that a decision by a participating life insurance company to disregard VLI owners' voting instructions represents a minority position or would preclude a majority vote at a Trust shareholders meeting, the company could be required by the Trust's board of trustees to withdraw from the Trust.

38. Various factors have discouraged a number of life insurance companies from offering variable contracts. These factors include the cost of organizing and operating a funding medium (such as the Trust), the lack of expertise with respect to investment management (principally with respect to equity investments and derivative instruments) and the lack of name recognition by the public of many such insurers as investment professionals with whom an investor can feel comfortable entrusting their investment dollars. For example, a number of smaller life insurance companies do not find it economically feasible, or within their investment or administrative expertise, to enter the variable contract business on their own. Use of the Portfolios as a mixed funding and shared funding vehicle for variable contracts would reduce or eliminate such concerns for small life insurance companies.

39. Permitting the Trust to serve as a mixed funding and shared funding vehicle also should provide several benefits to variable contract owners by eliminating a significant portion of the costs or establishing and administering separate mutual funds. Participating insurance companies would benefit not only from the investment and administrative expertise of Roszel Advisors, but also from the cost efficiencies and investment flexibility afforded by a large pool of assets. Permitting the Trust to serve as a mixed and shared funding vehicle also should make a greater amount of assets available for investment by each Portfolio than would otherwise be the case and, thereby, promote economies of scale, increase the safety of a Portfolio by increasing diversification of investments, and/or make the addition of new Portfolios more feasible. Therefore, making the Trust available to serve as a vehicle for mixed funding and shared funding could encourage more life insurance companies to offer variable contracts and thereby increase competition in the variable contracts market. Such competition, in turn, can be expected to result in more contract variation and in lower fees and charges. Applicants also assert that permitting the Trust to serve as a vehicle for extended mixed funding will result in increased assets for the Portfolios. This also will benefit owners of variable contracts by promoting economies of scale, increasing the safety of Portfolios by increasing diversification of investments, and/or make the addition of new Portfolios more feasible.

40. Applicants submit that regardless of the types of investors in the Trust, they each will be contractually and otherwise obligated to manage each Portfolio solely and exclusively in accordance with its investment objective(s), policies and restrictions as well as any additional guidelines established by trustees of the Trust. Roszel Advisors manages (and the investment adviser of any future trust would manage) each Portfolio, without regard to the identity of the investors in such accounts. Thus, each Portfolio is managed in the same manner as any other open-end management investment company.

41. Applicants see no legal impediment to permitting the Trust to serve as a vehicle for mixed funding, extended mixed funding and shared funding. The Commission has issued numerous orders permitting mixed funding, extended mixed funding and shared funding. Therefore, granting the exemptions requested herein is in the public interest and will not compromise the regulatory purposes of Sections 9(a), 13(a), 15(a) or 15(b) of the Act or of Rules 6e–2 and 6e–3(T) thereunder.

42. Section 6(c) of the Act authorizes the Commission to exempt any person, security, or transaction or any class of persons, securities, or transactions from any provision or provisions of the Act and/or any rule under it if, and to the extent that, such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants request an order of the Commission that would exempt VLI

accounts and their participating insurance companies and principal underwriters as a class from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the Act and Rule 6e–2 or Rule 6e–3(T)(b)(15) thereunder. The exemption of these classes of parties is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act because all of the potential members of the class could obtain the foregoing exemptions for themselves on the same basis as the applicants, but only at a cost to each of them that is not justified by any public policy purpose. As discussed below, the requested exemptions would only extend to VLI accounts whose participating insurance companies enter into participation agreements with the Trust; which agreements would subject such VLI accounts to the conditions discussed below. The Commission staff also would have the opportunity to review compliance with these conditions by participating insurance companies when it reviews the 1933 Act registration statements filed by each VLI account and VA account before the account could issue any variable contracts. The Commission has previously granted exemptions to classes of similarly situated parties in various contexts and from a wide variety of circumstances, including class exemptions in the context of mixed funding, extended mixed funding and shared funding.

Applicants' Conditions

With regard to the conditions recited below, references to the Trust include any future trust; references to a Portfolio include any investment portfolio of a future trust; and references to Roszel Advisors include any current or future Subadviser and any investment adviser to a future trust or investment portfolio of a future trust. Applicants consent to the following conditions if the exemptions requested herein are granted:

1. A majority of the Trustees (the ''Board'') of the Trust and each Portfolio will consist of persons who are not ''interested persons'' thereof, as defined by Section 2(a)(19) of the 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 trustee, then the operation of this condition shall be suspended: (a) for a period of 90 days if the vacancy or vacancies may be filled by the Board; (b) for a period of 150 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. The Board will monitor the Portfolios for the existence of any material irreconcilable conflict between and among the interests of VLI owners and VA owners and of plan participants and plans investing in the Portfolios and determine what action, if any, should be taken in response to any such conflicts. A material irreconcilable conflict may arise for a variety of reasons, including: (a) An action by any state insurance regulatory authority; (b) a change in applicable federal or state insurance, tax or securities laws or regulations, or a public ruling, private letter ruling, no-action or interpretive 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 Portfolios are being managed; (e) a difference in voting instructions given by VLI owners, VA owners and plan investors; (f) a decision by a participating insurance company to disregard the voting instructions of VLI owners or VA owners; or (g) if applicable, a decision by a plan to disregard the voting instructions of plan participants.

3. Roszel Advisors (or any ''investment adviser'' of a Portfolio), any participating insurance company, and any plan that executes a participation agreement upon becoming an owner of 10% or more of the issued and outstanding shares of a Portfolio (such plans referred to hereafter as ''participating plans'') will be required to report any potential or existing conflicts to the Board. Roszel Advisors (or any other investment adviser of a Portfolio), participating insurance companies 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 includes, but is not limited to, an obligation by a participating insurance company to inform the Board whenever it has determined to disregard VLI owner or VA owner voting instructions, and, if pass-through voting is applicable, an obligation by a participating plan to inform the Board whenever it has determined to disregard plan participant voting instructions. The responsibility to report such conflicts and information, and to assist the Board will be contractual obligations of all participating insurance companies and participating plans investing in the Portfolios under their agreements governing participation in the Portfolios, and such agreements, shall provide that these responsibilities will be carried out with a view only to the interests of the VLI owners and VA owners, and if applicable, plan participants.

4. If a majority of the Board, or a majority of its disinterested trustees, determine that a material irreconcilable conflict exists, the relevant participating insurance companies and participating plans, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested trustees), will be required to take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict. Such steps could include: (a) Withdrawing the assets allocable to some or all of the separate accounts from the Portfolio and reinvesting such assets in a different investment medium, which may include another Portfolio of the Trust; (b) in the case of participating insurance companies, submitting the questions of whether such segregation should be implemented to a vote of all affected owners of all registered VA contracts or VLI contracts, and, as appropriate, segregating the assets of any appropriate group (*i.e.*, VA owners or VLI owners of one or more participating insurance companies) that votes in favor of such segregation, or offering to the affected variable contract owners, the option of making such a change; and (c) establishing a new registered management investment company. If a material irreconcilable conflict arises because of a decision by a participating insurance company to disregard VLI owners' or VA owners' voting instructions and that decision represents a minority position or would preclude a majority vote, the participating insurance company may be required, at the election of the Portfolio, to withdraw its separate account's investment in such Portfolio, with no charge or penalty imposed as a result of such withdrawal. If a material irreconcilable conflict arises because of a participating plan's decision to disregard plan participant voting instructions, if applicable, and that decision represents a minority position or would preclude a majority vote, the participating plan may be required, at the election of the Portfolio, to withdraw its investment in such Portfolio, with no charge or penalty imposed as a result of such withdrawal. To the extent permitted by applicable law, the responsibility of taking

remedial action in the event of a Board determination of a material irreconcilable conflict and bearing 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 Portfolios, and these responsibilities will be carried out with a view only to the interests of VLI owners, VA owners and plan participants, as applicable.

For purposes of this Condition 4, a majority of the disinterested trustees of the Board will determine whether or not any proposed action adequately remedies any material irreconcilable conflict, but in no event will a Portfolio, or Roszel Advisors be required to establish a new funding medium for any VLI contracts or VA contracts. No participating insurance company will be required by this Condition 4 to establish a new funding medium for any VLI contracts or VA contracts if a majority of VLI owners or VA owners materially and adversely affected by the irreconcilable material conflict vote to decline such offer. No participating plan shall be required by this Condition 4 to establish a new funding medium for such plan if: (a) a majority of plan participants materially and adversely affected by the irreconcilable material 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. Roszel Advisors, all participating insurance companies with respect to a Portfolio and participating plans with respect to a Portfolio will be promptly informed in writing of any determination by the Board of such Portfolio that a material irreconcilable conflict exists and its implications.

6. Participating insurance companies will be required to provide pass-through voting privileges to all owners of registered VLI contracts and registered VA contracts so long as the Commission interprets the Act to require pass-through voting privileges for such VLI owners or VA owners. Accordingly, the participating insurance companies will vote shares of a Portfolio held in their separate accounts in a manner consistent with voting instructions timely received from VLI owners or VA owners. Participating insurance companies shall be responsible for assuring that each of their separate accounts calculates voting privileges in a manner consistent with all other participating insurance companies. The obligation to calculate voting privileges in a manner consistent with all other separate accounts investing in the fund will be a contractual obligation of all participating insurance companies under the agreements governing participation in the Portfolio. Each participating insurance company will be required to vote shares for which it has not received voting instructions as well as shares attributable to it, in the same proportion as it votes shares for which it has received instructions. Each participating plan will vote as required by applicable law governing plan documents.

7. Roszel Advisors, and any person under common control with Roszel Advisors, will vote shares held by them for their own benefit (*i.e.*, shares representing seed money) in the same proportions as the shares collectively voted by the various participating insurance companies.

8. All reports of potential or existing conflicts received by the Board and all Board action with regard to determining the existence of a conflict, notifying Roszel Advisors, participating insurance companies and participating plans of a conflict and determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the Board or other appropriate records, and such minutes or other records will be made available to the Commission upon request.

9. Each Portfolio will notify all participating insurance companies and participating plans that disclosure in separate account prospectuses or plan prospectuses or other plan disclosure documents regarding potential risks of mixed and shared funding may be appropriate. Each Portfolio will disclose in its prospectus that: (a) Shares of the Portfolio may be offered to insurance company separate accounts of both annuity and life insurance variable contracts, and to plans; (b) due to differences of tax treatment and other considerations, the interests of various variable contract owners participating in the Portfolios and the interests of plans investing in the Portfolios may conflict; and (c) the Board will monitor such Portfolios for any material conflicts of interest and determine what action, if any, should be taken.

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

11. If and to the extent Rules 6e–2 and 6e–3(T) are amended (or Rule 6e–3 under the Act is adopted) to provide exemptive relief from any provision of the Act or the rules promulgated 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 Portfolios shall and the participating insurance companies, as appropriate, shall be required to take such steps as may be necessary to comply with Rules 6e–2 and 6e–3(T), as amended, or Rule 6e–3, as adopted, to the extent applicable.

12. No less than annually, Roszel Advisors, the participating insurance companies and participating plans shall submit to the Board such reports, materials or data as the Board may reasonably request so that the Board may fully carry out obligations imposed upon them by the conditions contained in the application. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Board. The obligations of Roszel Advisors, participating insurance companies and participating plans to provide these reports, materials and data to the Board, shall be a contractual obligation of Roszel Advisors, all participating insurance companies and participating plans under their agreements governing participation in the Portfolios.

13. If a plan or plan participant shareholder should become an owner of 10% or more of the issued and outstanding shares of a Portfolio, such plan will execute a participation agreement with such Portfolio, including the conditions set forth herein to the extent applicable. A plan or plan participant shareholder will execute an application containing an acknowledgment of this condition at the time of its initial purchase of shares of the Portfolio.

Conclusion

For the reasons summarized above, applicants assert that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes

fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 03–25973 Filed 10–14–03; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–26204; File No. 812–12722]

The Lincoln National Life Insurance Company, et al.; Notice of Application

October 8, 2003.

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

ACTION: Notice of application for an order pursuant to Section 11(a) of the Investment Company Act of 1940 (the ''Act'') approving the terms of an exchange offer to issued and outstanding variable annuity contracts.

APPLICANTS: The Lincoln National Life Insurance Company (''Lincoln Life'') and Lincoln National Variable Annuity Account C (''Account C'').

FILING DATE: The application was filed on December 13, 2001, and amended and restated on September 22, 2003.

SUMMARY OF APPLICATION: Applicants request an order approving the terms of a proposed offer of exchange of MultiFund® 5 (with contract value death benefit), an existing variable annuity contract issued by Lincoln Life and made available through Variable Annuity Account C (''New Contract''), for MultiFund® 2, 3, and 4 (with contract value death benefit), outstanding annuity contracts issued by Lincoln Life and made available through Variable Annuity Account C (''Old Contracts'').

HEARING OR NOTIFICATION OF HEARING: An order granting the amended and restated 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 November 3, 2003, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester'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 Fifth Street, NW., Washington, DC 20549–0609. Applicants, c/o Mary Jo Ardington, Esq., Counsel, The Lincoln National Life Insurance Company, 1300 S. Clinton Street, P.O. Box 1110, Fort Wayne, Indiana 46801–1110. Copy to Judith A. Hasenauer, Esq., Blazzard, Grodd & Hasenauer, P.C., Federal Tower, Suite 500, 1600 S. Federal Highway, Pompano Beach, Florida 33062.

FOR FURTHER INFORMATION CONTACT: Ellen J. Sazzman, Senior Counsel, or Lorna J. 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 Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. Lincoln Life is a stock life insurance company that was founded in 1905 under Indiana law, and is a wholly-owned subsidiary of Lincoln National Corporation (''LNC''), which is also organized under Indiana law. LNC's primary businesses are insurance and financial services. Lincoln Life is Account C's depositor within the meaning of the Act.

2. Lincoln Life is the principal underwriter of the contracts issued by Lincoln Life through Account C. Lincoln Life is registered as a broker-dealer under the Securities Exchange Act of 1934.

3. Account C was established on June 3, 1981, as an insurance company separate account under Indiana law. Account C is a segregated investment account and, as such, its assets may not be charged with liabilities resulting from any other business that Lincoln Life may conduct. Income, gains, and losses, whether realized or not, from assets allocated to Account C are, in accordance with applicable annuity contracts, credited to or charged against Account C, and without regard to any other income, gains, or losses of Lincoln Life. Account C satisfies the definition of a separate account under the federal securities law. Account C is registered on Form N–4 under the Act as a unit investment trust (File No. 811–3214).

4. Account C funds the MultiFund® Series of Variable Annuity Contracts including the MultiFund® 2, 3, 4, and 5 Contracts (''MultiFund® Contracts''). Certain MultiFund® Contracts have been offered and sold for a number of years.

5. There are four MultiFund® Contracts which are the subject of this Application: MultiFund® 2, MultiFund® 3, MultiFund® 4 and MultiFund® 5, all with the contract value death benefit. The MultiFund® 2, 3, and 4 Contracts issued through Account C have been registered under the Securities Act of 1933 pursuant to a registration statement on Form N–4 (File No. 33–25990). The MultiFund® 5 Contract issued through Account C has been registered under the Securities Act of 1933 pursuant to a registration statement on Form N–4 (File No. 333–68842).

6. The MultiFund® Contracts are flexible premium deferred annuity contracts under which contract owners may make one or more purchase payments over a period of time (called the ''accumulation period''). During the accumulation period, based upon the contract owner's instructions, such purchase payments are allocated to the selected subaccounts of Account C and/or Lincoln Life's general account. To the extent that an owner selects one or more subaccounts, his or her investment in the contract will vary with the investment performance of the selected subaccounts. To the extent that an owner selects the general account, Lincoln Life guarantees that the amount allocated to the general account will be credited with a minimum interest rate and Lincoln Life may credit additional interest that it may declare from time to time.

7. A contract owner can elect to receive annuity payments under his or her contract. Under a contract, annuity payments are based upon the life of an annuitant and in some cases the lives of two (or joint) annuitants. Annuity options are available on a variable basis (*i.e.*, funded by Account C) and/or on a fixed basis (*i.e.*, funded through Lincoln Life's general account). The contracts incorporate other features, some of which are described more fully below under the discussion of the specific contract.

8. The minimum purchase payment for MultiFund® 2, 3, and 4 Contracts is $3000 for nonqualified contracts and $1000 for qualified contracts. The MultiFund® 2, 3 and 4 Contracts impose a surrender charge of up to 7% of any amount by which purchase payments withdrawn in any year exceed 15% of purchase payments. (However, this 15% withdrawal exception does not apply to a surrender of a contract.) The surrender charge associated with each