

does not violate Section 22(c) and Rule 22c-1. Applicants further state that an owner's interest in his or her policy value or in an Account would always be offered at a price next determined on the basis of net asset value and that the granting of a bonus credit does not reflect a reduction of that price. Applicants state that the Companies will purchase with their own general account assets an interest in an Account equal to the bonus credit. Applicants assert that because the bonus credit will be paid out of the Company assets, not Account assets, no dilution will occur as a result of the credit.

10. Applicants argue that the recapture of the bonus credit does not involve either of the evils that the Commission intended to eliminate or reduce with Rule 22c-1. The Commission's stated purpose in adopting Rule 22c-1 was to avoid or minimize: (i) dilution of the interests of other security holders; and (ii) speculative trading practices that are unfair to such holders. Applicants assert that the proposed recapture of the bonus credit does not pose such threat of dilution. The bonus credit recapture will not alter an owner's net asset value. Each Company will determine an owner's net cash surrender value under a Policy in accordance with Rule 22c-1 on a basis next computed after receipt of an owner's request for surrender (likewise, the calculation of death benefits and annuity payment amounts will be in full compliance with the forward pricing requirement of Rule 22c-1). The amount recaptured will equal the amount of the bonus credit that a Company paid out of its general account assets. Although an owner will retain any investment gain attributable to the bonus credit, a Company will determine the amount of such gain on the basis of the current net asset value of a sub-account. Applicants further assert that the credit recapture does not create the opportunity for speculative trading calculated to take advantage of backward pricing.

11. Applicants assert that Rule 22c-1 and Section 22(c) should have no application to the bonus credit, as neither of the harms that Rule 22c-1 was designed to address are found in the recapture of the bonus credit. However, to avoid uncertainty as to full compliance with the 1940 Act, the Applicants request an exemption from the provisions of Section 22(c) and Rule 22c-1 to the extent deemed necessary to permit them to recapture the bonus credit under the Policies and Future Policies.

12. Applicants argue that a Company should be able to recapture such bonus

credit to protect itself from investors wishing to use the Policy as a vehicle for a quick profit at a Company's expense, and to enable a Company to limit potential losses associated with such bonus credit.

13. Applicants request exemptions from Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and Rule 22c-1 thereunder, to the extent necessary to permit the Applicants to recapture the bonus credit applied to a premium payment in the circumstances described above. Applicants assert that additional requests for exemptive relief would present no issues under the 1940 Act not already addressed herein. Applicants state that if the Applicants were to repeatedly seek exemptive relief with respect to the same issues addressed herein, investors would not receive additional protection or benefit, and investors and the Applicants could be disadvantaged by increased costs from preparing such additional requests for relief. Applicants argue that the requested class relief is appropriate in the public interest because the relief will promote competitiveness in the variable annuity market by eliminating the need for the Companies or their affiliates to file redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources.

Conclusion

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

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-24127 Filed 9-19-00; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [To Be Published]

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: To be published.

CHANGE IN THE MEETING: Additional Meeting.

An additional open meeting will be held on Thursday, September 21, 2000 at 8:30 a.m., in Room 1C30.

Commissioner Hunt, as duty officer, determined that no earlier notice thereof was possible.

The subject matter of the open meeting scheduled for Thursday, September 21, 2000 at 8:30 a.m. will be:

The Commission will hold public hearings on its proposed rule amendments concerning auditor independence. The purpose of the hearings is to give the Commission the benefit of the views of interested members of the public regarding the issues raised and questions posed in the Proposing Release (33-7870). For further information, contact: John M. Morrissey, Deputy Chief Accountant or W. Scott Bayless, Associate Chief Accountant, Office of the Chief Accountant at (202) 942-4400.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary (202) 942-7070.

Dated: September 14, 2000.

Jonathan G. Katz,
Secretary.

[FR Doc. 00-24194 Filed 9-15-00; 5:04 pm]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: 65 FR 56351.

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: September 18, 2000.

CHANGE IN THE MEETING: Time Change.

The open meeting scheduled for Wednesday, September 20, 2000 at 9 a.m., has been changed to Wednesday, September 20, 2000, at 8:30 a.m.

At times, changes in Commission priorities require alternations in the scheduling of meeting items. for further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.