II. Discussion

The Commission believes that the proposal is consistent with the Act and particularly with Section 17A of the Act.⁴ Section 17A(b)(3)(F) of the Act.⁵ requires that the rules of a clearing agency be designed to safeguard the funds and securities which are in the custody or control of a clearing agency or for which it is responsible. Additionally, Section 17A(a)(1) of the Act.⁶ directs the Commission to encourage the reduction of unnecessary costs by persons facilitating transactions on behalf of investors.

These new procedures provide for the implementation of a destruction policy that will permit Philadep to eliminate certain expired and worthless securities certificates rather than maintain them in its vault. As a result, Philadep expects to reduce its administrative expenses that are associated with storing such certificates. The proposal also contains numerous safeguards concerning the selection of the securities certificates to be destroyed, and the Commission believes that the safeguards in question are reasonably designed to reduce the risk that Philadep will select for destruction certificates for which the warrants or rights have not expired.7

III. Conclusion

For the reasons discussed above, the Commission believes that the proposal is consistent with the requirements of the Act, particularly those of Section 17A of the Act, and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,8 that the above-mentioned proposed rule change (File No. SR-Philadep-94-05) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland, Deputy Secretary.

[FR Doc. 95–5464 Filed 3–6–95; 8:45 am] BILLING CODE 8010–01–M

Jr., Senior Counsel, Division of Market Regulation, Commission (February 27, 1995). [Rel. No. IC-20930; File No. 812-9410]

Jackson National Life Insurance Company of Michigan, et al.

February 28, 1995.

AGENCY: Securities and Exchange Commission ("Commission" or "SEC"). **ACTION:** Notice of Application for an Order under the Investment Company

Act of 1940 (the "1940 Act").

APPLICANTS: Jackson National Life Insurance Company of Michigan ("Company"), Jackson Michigan Separate Account—I ("Separate Account") and Jackson Financial Services, Inc. ("Distributor").

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

SUMMARY OF APPLICATION: Applicants seek an order permitting the deduction of a mortality and expense risk charge from the assets of the Separate Account and other separate accounts established by the Company in the future in connection with the issuance and sale of certain flexible premium variable annuity contracts ("Contracts") and any contracts that are similar in all material respects to the Contracts ("Other Contracts").

FILING DATE: The application was filed on December 30, 1994. An amended application was filed on February 24, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and servings 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 27, 1995, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Commission's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, Mark J. Mackey, Esq., Routier, Mackey and Johnson, P.C., 1700 K Street, NW., Suite 1003, Washington, DC 20006.

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

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

Applicants' Representations

- 1. The Company is a stock life insurance company organized under the laws of the State of Michigan in September 1992. The Company is a wholly-owned subsidiary of Jackson National Life Insurance Company and an indirect wholly-owned subsidiary of Prudential Corporation plc, London, England. The Company is currently admitted to do business in Michigan.
- 2. The Separate Account was established by the Company as a separate account under the laws of Michigan on June 14, 1993 as a funding medium for variable annuity contracts. The Separate Account meets the definition of a "separate account" under the federal securities laws and is registered under the 1940 Act as a unit investment trust. The application states that the Company will establish for each investment option offered under the Contracts a Separate Account subaccount ("Portfolio") which will invest solely in a specific corresponding series of the JNL Series Trust or of some other designated investment company (the "Funds"). JNL Series Trust is registered as an open-end management investment company under the 1940 Act.
- 3. The Distributor, a broker-dealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc., will serve as the distributor and principal underwriter for the Contracts.
- 4. The Contracts are flexible premium individual deferred variable annuity contracts offered in connection with retirement plans that may qualify for favorable federal income tax treatment ("Qualified Contracts") or on a non-tax qualified basis ("Non-Qualified Contracts"). Interests in the Contracts are registered under the Securities Act of 1933. The Contracts provide for, among other things: (a) Certain minimum initial and subsequent premium payments; (b) several annuity payment options beginning on the annuity date; and (c) the payment of a death benefit where the annuitant dies during the accumulation phase, which is equal to the greater of the contract value or premium payments (net of withdrawals and premium taxes). Where permitted by state law, the Contract will also provide an enhanced

^{4 15} U.S.C. 78q-1 (1988)

⁵ 15 U.S.C. 78q-1(b)(3)(F) (1988)

⁶ 15 U.S.C. 78q-1(a)(1) (1988)

⁷The Commission is expressing no opinion here on the means that Philadep will use for the actual physical destruction of any certificate or on the related standards that may apply. These are separate matters and are not part of this rule proposal.

^{8 15} U.S.C. 78s(b)(2) (1988).

^{9 17} CFR 200.30–3(a)(12) (1994).