

investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

3. IL Annuity represents that the 1.25% mortality and expense risk charge is within the range of industry practice for comparable annuity contracts. This representation is based upon IL Annuity's analysis of publicly available information about comparable industry products, taking into consideration such factors as annuity purchase rate guarantees, death benefit guarantees, other contract charges, the frequency of charges, the administrative services performed by IL Annuity with respect to the Contracts, the means of promotion, the market for the Contracts, investment options under the Contracts, purchase payment, transfer, dollar cost averaging and automatic account balancing features, and the tax status of the Contracts. IL Annuity represents that it will maintain at its home office, a memorandum, available to the Commission, setting forth in detail the products analyzed in the course of, and the methodology and results of, its comparative review.

4. Prior to issuing any Other Contracts, Applicants will determine that the mortality and expense risk charge under any Other Contracts is within the range of industry practice for comparable contracts. IL Annuity represents that the basis for this conclusion will be set forth in a memorandum which will be maintained at its home office and will be available to the Commission upon request.¹

5. IL Annuity acknowledges that, if a profit is realized from the mortality and expense risk charge, all or a portion of such profit may be available to pay distribution expenses not reimbursed by the Withdrawal Charge. IL Annuity represents that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the IL Annuity Account and Contract owners. IL Annuity represents that the basis for that conclusion is set forth in a memorandum which will be maintained at its home office and will be available to the Commission upon request.

6. Prior to issuing any Other Contracts, Applicants will determine that there is a reasonable likelihood that the proposed distribution financing arrangement for any Other Contracts will benefit the IL Annuity Account or any Other Separate Account and Contract owners. IL Annuity represents that the basis for this conclusion will be

set forth in a memorandum which will be maintained at its home office and will be available to the Commission upon request.²

7. Applicants assert that the terms of the future relief requested with respect to Other Separate Accounts, Other Contracts and Future Underwriters are consistent with the standards set forth in Section 6(c) of the 1940 Act. Applicants submit that, if IL Annuity were to repeatedly seek exemptive relief with respect to the same issues addressed in this application, investors would not receive additional protection or benefit. Applicants assert that the requested relief is appropriate in the public interest because the relief will promote competitiveness in the variable annuity market by eliminating the need for the filing of redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources. Applicants represent that both the delay and the expense of repeatedly seeking exemptive relief would impair IL Annuity's ability to effectively take advantage of business opportunities as they arise.

8. IL Annuity also represents that the IL Annuity Account or any Other Separate Accounts will invest only in management investment companies which undertake, in the event they should adopt a plan under Rule 12b-1 of the 1940 Act to finance distribution expenses, to have a board of directors or trustees, a majority of whom are not "interested persons" of the company within the meaning of Section 2(a)(19) of the 1940 Act, formulate and approve any such plan.

Conclusion

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

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-14471 Filed 6-13-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. IC-21124; 813-138]

Merrill Lynch KECALP L.P. 1994 and KECALP Inc.; Notice of Application

June 8, 1995.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: Merrill Lynch KECALP L.P. 1994 (the "1994 Partnership") and KECALP Inc. (the "General Partner").

RELEVANT ACT SECTIONS: Order requested under sections 6(b) and 17(b) from section 17(a).

SUMMARY OF APPLICATION: Applicants request an order which would let the General Partner sell to future partnerships certain investments that were purchased and held by the General Partner on behalf of a future partnership prior to the closing of such partnership's initial offering. The order also would let the General Partner sell to the 1994 Partnership four investments that the General Partner has purchased and is holding as nominee for the 1994 Partnership.

FILING DATES: The application was filed on November 10, 1994, and was amended on February 22, 1995, May 31, 1995, and June 7, 1995.

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 July 3, 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 writer's request, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street N.W., Washington, D.C. 20549. Applicants, South Tower, World Financial Center, 225 Liberty Street, New York, New York 10080-6123.

FOR FURTHER INFORMATION CONTACT: Sarah A. Wagman, Staff Attorney, at (202) 942-0654, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application

¹ Applicants represent that, during the Notice Period, the application will be amended to reflect this representation.

² Applicants represent that, during the Notice Period, the application will be amended to reflect this representation.