

respective Acquired Series. As a result of this transaction, each shareholder of an Acquired Series ceased to be a shareholder of the Acquired Series and received that number of full and fractional shares of the respective Acquiring Series having an aggregate net asset value equal to the aggregate net asset value of such shareholder's shares of an Acquired Series as of December 30, 1994.

7. On December 31, 1994, pursuant to the Agreement and Plan, Applicant transferred to the Acquiring Series all of the assets and certain identified liabilities of the Acquired Series, and ceased operations.

8. Other than as described above, during the last 18 months, Applicant has not transferred any of its assets to a separate trust, the beneficiaries of which were or are security holders of Applicant.

9. Presently, no assets are retained by the Acquired Series, and no other debts or liabilities of the Applicant remain outstanding.

10. The expenses applicable to the transfer of the Applicant's assets, certain accounting, administrative and legal expenses, were borne by the Applicant, Pacific Select Fund, and Pacific Mutual Life Insurance Company (the Applicant's investment adviser), with the Applicant and Pacific Select Fund each bearing no more than one-third of the expenses. No series of either Applicant or Pacific Select Fund bore expenses to the extent that such expenses had a material impact on a series net asset value. For these purposes, an expense was considered material if its impact on the net asset value per share of a series equalled or exceeded \$.01 per share.

11. No brokerage commissions were paid in connection with the Reorganizations.

12. Expenses of liquidating, dissolving and deregistering the Applicant will be paid from assets paid by the Applicant to Pacific Select Fund which, pursuant to Agreement and Plan, were designated for such purposes in an amount up to \$2000 for each Acquired Series. Any additional costs will be paid by Pacific Mutual Life Insurance Company, not the Applicant or Pacific Select Fund.

13. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

14. Other than the administrative proceeding initiated by the filing of this application, Applicant was not a party to any litigation or administrative

proceeding at the time of the filing of this application.

15. Applicant has made all filings under the 1940 Act, including Form N-SAR filings, for each period for which such filings were required.

16. The Applicant, a California corporation, intends to file a Certificate of Dissolution with the State.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Rel. No. IC-21173; 812-9548]

### **The Travelers Life and Annuity Company, et al.;**

June 29, 1995.

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

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

**APPLICANTS:** The Travelers Life and Annuity Company ("TLAC"), The Travelers Fund BD II for Variable Annuities ("Fund BD II") and any other separate account that TLAC may establish to support certain flexible premium deferred variable annuity contracts and certificates issued by TLAC ("Other Accounts" or together with Fund BD II, the "Accounts"), and Tower Square Securities, Inc. ("TSSI").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) of the Act that would exempt applicants from sections 26(a)(2)(C) and 27(c)(2) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to permit them to deduct a mortality and expense risk charge from the assets of the Accounts, in connection with certain flexible premium deferred variable annuity contracts.

**FILING DATES:** The application was filed on March 23, 1995, and amended on June 13, 1995 and June 27, 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 24, 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 interest, 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 5th Street N.W., Washington, D.C. 20549. Applicants, One Tower Square, Hartford, Connecticut 06183.

**FOR FURTHER INFORMATION CONTACT:** Sarah A. Buescher, Staff Attorney, at (202) 942-0573, 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 may be obtained for a fee at the SEC's Public Reference Branch.

### **Applicants' Representations**

1. TLAC is a stock life insurance company organized in Connecticut and licensed to do business in all states except Alabama, Hawaii, Kansas, Maine, New Hampshire, New Jersey, North Carolina, Tennessee, Texas, Wyoming, and New York, and currently seeks to obtain licensure in the remaining states, except New York. TLAC is a wholly owned subsidiary of The Travelers Insurance Company, which is an indirect wholly owned subsidiary of Travelers Group Inc.

2. Fund BD II is a separate investment account established by TLAC to fund certain individual and group flexible premium deferred variable annuity contracts and certificates to be issued by TLAC ("Current Contracts"). In the future, TLAC may issue other flexible premium deferred variable annuity contracts and certificates that are materially similar to the Current Contracts that are issued through Fund BD II or the Other Accounts (the "Future Contracts", together with the Current Contracts, the "Contracts").

3. Fund BD II has filed a registration statement as a unit investment trust under the Act. Units of interest in Fund BD II under the Contracts will be registered under the Securities Act of 1933. Fund BD II is currently divided into twelve subaccounts. Each subaccount will invest in the shares of a portfolio of the Smith Barney/Travelers Series Fund, Inc., and one of the portfolios of the Smith Barney Series Fund, both open-end series-type management investment companies registered under the Act. In the future, TLAC may create or eliminate subaccounts.

4. TSSI, an affiliate of TLAC and an indirect wholly owned subsidiary of