

referenced federal tax charge is deducted will: (1) disclose the charge; (2) explain the purpose of the charge; and (3) state that the charge is reasonable in relation to the relevant Company's increased federal tax burden under Section 848 of the Code resulting from the receipt of premium payments.

c. The registration statement for each Contract under which the above-referenced federal tax charge is deducted will contain as an exhibit an actuarial opinion as to: (1) The reasonableness of the charge in relation to the relevant Company's increased federal tax burden under Section 848 of the Code resulting from the receipt of premiums; (2) the reasonableness of the targeted rate of return that is used in calculating such charge; and (3) the appropriateness of the factors taken into account by the relevant Company in determining such targeted rate of return.

Conclusion

1. Section 6(c) of the 1940 Act, in pertinent part, provides that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the 1940 Act, 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 contract and provisions of the 1940 Act.

2. For the reasons and upon the facts set forth above, Applicants submit that the requested exemptions from Sections 27(a)(3) and 27(c)(2) of the 1940 Act and paragraphs (b)(13)(ii) and (c)(4) of Rule 6e-3(T) thereunder, are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the contract and provisions of the 1940 Act. Therefore, the standards set forth in Section 6(c) of the 1940 Act are satisfied.

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

Jonathan G. Katz,

Secretary.

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[Investment Company Act Rel. No. 21177; 812-9510]

Paine Webber Group Inc., et al.; Notice of Application

June 30, 1995.

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

ACTION: Notice of Application for an Order under section 2(a)(9) of the Investment Company Act of 1940 (the "Act").

APPLICANTS: Paine Webber Group Inc. ("PWG"), PaineWebber Incorporated ("PWI"), Mitchell Hutchins Asset Management Inc. ("MHAM"), and Mitchell Hutchins Institutional Investors Inc. ("MHII") (collectively, the "Painewebber Companies").

RELEVANT ACT SECTION: Declaratory order requested under section 2(a)(9).

SUMMARY OF APPLICATION: General Electric Company ("GE") acquired securities of Paine Webber Group Inc. ("PWG") that, upon conversion of certain of such securities into common stock, would result in GE owning more than 25% of PWG's outstanding voting securities. The PWG securities owned by GE are subject to certain restrictions, obligations, and prohibitions as described in a stockholders agreement. Applicants request an order declaring that the presumption of control by a greater than 25% shareholder under section 2(a)(9) of the Act has been rebutted. The order would be effective for so long as the stockholders agreement remains in full force and effect without any amendment that would materially reduce the restrictions, obligations, and prohibitions with respect to GE's ownership of PWG's securities.

FILLING DATES: The application was filed on March 3, 1995 and amended on June 12, 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 26, 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 who wish to be notified of a hearing may request such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o Mitchell Hutchins Asset Management Inc., 1285 Avenue of the Americas, New York, New York 10019.

FOR FURTHER INFORMATION CONTACT: Marc Duffy, Senior Attorney, at (202) 942-0565, 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 from the SEC's Public Reference Branch.

Applicant's Representations

1. PWG is a publicly held financial services holding company. PWI, a wholly owned subsidiary of PWG, is a broker-dealer registered under the Securities Exchange Act of 1934 ("1934 Act") and an investment adviser registered under the Investment Advisers Act of 1940 ("Advisers Act"). MHAM, a wholly owned subsidiary of PWI, is a broker-dealer registered under the 1934 Act and an investment adviser registered under the Advisers Act. As of October 31, 1994, MHAM served as investment adviser or sub-adviser to thirty investment companies with fifty-six separate portfolios and aggregate assets of over \$23.3 billion. MHII, a wholly owned subsidiary of MHAM, is an investment adviser registered under the Advisers Act. As of October 31, 1994, MHII served as investment sub-adviser to eight separate portfolios of seven investment companies with aggregate assets of over \$1.1 billion.

2. On October 17, 1994, PWG entered into an asset purchase agreement with General Electric Company ("GE") and Kidder, Peabody Group Inc. ("Kidder") (the "Asset Purchase Agreement"). Under the Asset Purchase Agreement, PWG agreed to purchase certain assets from Kidder, a wholly owned subsidiary of GE. As part of the consideration for the purchase of those assets, on December 16, 1994 (the "Closing"), PWG issued to GE shares of PWG Common Stock, Redeemable Preferred Stock, and Convertible Preferred Stock (collectively, the "Equity Securities").

3. At the Closing, GE received shares representing approximately 21.6% of the shares of Common Stock outstanding as of February 28, 1995. The Common Stock is the only class of securities of PWG outstanding that are generally entitled to vote for the election of directors.¹ GE does not hold for its

¹ As a holder of Redeemable Preferred Stock and Convertible Preferred Stock, GE could, under