11. Applicants state that C.M. Life assumes an expense risk under the Contracts. According to Applicants, this is the risk that the charges for administrative services under the Contracts will be insufficient to cover actual administrative expenses.

# Applicants' Legal Analysis and Conditions

1. Applicants request that the Commission, pursuant to Section 6(c) of the 1940 Act, grant the exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act in connection with Applicants' assessment of the daily for the mortality and expense risks under the Contracts. Applicants state that the requested extension of relief to the Other Accounts and the Other Contracts is appropriate in the public interest. Applicants opine that the relief would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications and would, therefore, reduce administrative expenses and maximize efficient use of resources. Applicants assert that the delay and expense involved in having to repeatedly seek exemptive relief would impair the ability of C.M. Life to take advantage effectively of business opportunities as those opportunities arise. Applicants posit that the requested relief is consistent with the purposes of the 1940 Act and the protection of investors for the same reasons. Applicants finally state that were C.M. Life required to seek repeated exemptive relief with respect to the issues addressed in the application, no additional benefit or protection would be provided to investors through the redundant filings.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified bank as trustee or custodian and held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services of a character normally performed by the bank itself.

3. Applicants assert that the charge for mortality and expense risks is reasonable compensation for the risks assumed.

4. Applicants represent that the proposed charge of .53% and the maximum charge of 1.25% for the

mortality and expense risks assumed by C.M. Life is within the range of industry practice with respect to comparable annuity products. Applicants state that this representation is based upon C.M. Life's analysis of publicly available information regarding mortality risks, taking into consideration such factors as: The guaranteed annuity purchase rates; the expense risks, the estimated costs for product features; and the industry practice with respect to comparable contracts. Applicants represent that C.M. Life will maintain at its principal office, available to the Commission, a memorandum setting forth in detail the products analyzed and the methodology and results of the analysis by C.M. Life.

5. Applicants acknowledge that the Sales Charge may be insufficient to cover all costs relating to the distribution of the Contracts. To the extent distribution costs are not covered by the Sales Charge, C.M. Life will recover its distribution costs from the assets of the general account. These assets may include that portion of the mortality and expense risk charge which is profit to C.M. Life. Applicants represent that C.M. Life has concluded that there is a reasonable likelihood that the proposed distribution financing arrangement will benefit the Account and the owners of the Contracts. The basis for this conclusion is set forth in a memorandum which will be maintained by C.M. Life at its principal office and will be made available to the Commission.

6. C.M. Life also represents that the Accounts will invest only in management investment companies which undertake, in the event such company adopts a plan under Rule 12b-1 of the 1940 Act to finance distribution expenses, to have such plan formulated and approved by either the company's board of directors or the board of trustees, as applicable, a majority of whom are not interested persons of such company within the meaning of the 1940 Act.<sup>2</sup>

### Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act 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. 95–2137 Filed 1–27–95; 8:45 am] BILLING CODE 8010–01–M

## [Investment Company Act Release No. 20849; File No. 811–5806]

#### The Global Settlement Fund, Inc.; Application for Deregistration

January 23, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC"). **ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** The Global Settlement Fund, Inc.

**RELEVANT ACT SECTION:** Section 8(f). **SUMMARY OF APPLICATION:** Applicant seeks an order declaring that it has ceased to be an investment company. **FILING DATES:** The application on Form N-8F was filed on January 4, 1995, and amended on January 20, 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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 21, 1995, and should be accompanied by proof of service on applicant, 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 notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicant, 61 Broadway, New York, New York 10006.

FOR FURTHER INFORMATION CONTACT: James J. Dwyer, Staff Attorney, at (202) 942–0581, or C. David Messman, Branch Chief, at (202) 942–0564 (Office of Investment Company Regulations, Division of Investment Management).

# **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.

## **Applicant's Representations**

1. Applicant is a Maryland corporation and a diversified open-end

<sup>&</sup>lt;sup>2</sup> Applicants represent that the application will be amended during the notice period to include this representation for all of the Accounts.