

transfer of their accounts to the New Adviser and the prompt delivery of the benefits that the joint venture agreement is expected to produce would not have been met.

8. Applicants believed that a speedy Closing would serve to minimize employee anxiety, assist in the retention of portfolio personnel, and assist in the delivery of improved portfolio service through the integration of credit research, back office, and other operations.

9. Applicants also state that an arrangement whereby all non-mutual fund accounts were transferred on December 31, 1994, but all mutual fund accounts were not transferred until the shareholder votes occurred, would have required the Advisers to implement a form of "dual employee" arrangement. Such an arrangement would have created needless organizational complexity and would have raised the possibility of shareholder confusion as to the provision of investment advisory services during the Interim Periods.

Applicants' Conditions

Applicants agree that any order granting the requested relief shall be subject to the following conditions:

1. The new advisory agreements to be implemented during the Interim Periods will have the same terms and conditions as each respective current agreement, except in each case for the names or identities of the parties, the commencement and termination dates, the inclusion of escrow arrangements, the incorporation of certain previously adopted amendments (if any) into the body of the agreements, and certain additional language to satisfy regulatory requirements of the Advisers Act.

2. Fees earned by the New Adviser during the Interim Period in accordance with the terms of such new advisory agreements will be maintained in an interest-bearing escrow account, and amounts in the account will be paid to: (a) the New Adviser only upon approval by the shareholders of such Fund, or (b) in the absence of such approval, to such Fund.

3. Each Fund will hold a meeting of shareholders to vote on approval of its new investment advisory agreement on or before the 120th day following the termination of its existing investment advisory agreement as a result of the transfer of the investment advisory businesses of the Advisers to the New Adviser (which transfer will be completed on or before January 31, 1995).

4. The Advisers and the New Adviser will pay the costs of preparing and filing the application and the costs of holding

all meetings of each Fund's shareholders necessitated by the consummation of the joint venture agreement, including the cost of proxy solicitations.

5. The New Adviser will take all appropriate steps so that the scope and quality of advisory and other services provided to each Fund during the respective Interim Periods will be at least equivalent, in the judgment of the Governing Board of each Fund, including a majority of the independent board members, to the scope and quality of services previously provided. In the event of any material change in personnel providing services pursuant to the advisory agreement, the New Adviser will apprise and consult with the Governing Board of the affected Fund in order to assure that they, including a majority of the independent board members, are satisfied that the services provided will not be diminished in scope or quality.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-20863; File No. 812-9326]

Financial Horizons Variable Separate Account—2, et seq.

January 26, 1995.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Financial Horizons Variable Separate Account-2 ("Separate Account"), Financial Horizons Life Insurance Company (the "Company"), and Nationwide Financial Services ("NFS").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) for exemptions from Sections 26(a)(2)(C) and 27(c)(2).

SUMMARY OF APPLICATION: Applicants seek an order to permit the deduction from the assets of the Separate Account of a mortality and expense risk charge under certain variable annuity contracts.

FILING DATE: The application was filed on November 14, 1994.

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 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 February 21, 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, DC. 20549; Applicants c/o Steven Savini, Esq., Druen Rath & Dietrich, One Nationwide Plaza, Columbus, Ohio 43216.

FOR FURTHER INFORMATION CONTACT: Joseph G. Mari, Senior Special Counsel, at (202) 942-0567, or Wendy F. 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 SEC's Public Reference Branch.

Applicants' Representations

1. The Company is a stock life insurance company incorporated under the laws of Ohio.

2. The Separate Account, registered as a unit investment trust under the 1940 Act, is a separate account of the Company that was established to fund certain variable annuity contracts issued by the Company (the "Contracts"). Purchase payments under the Contracts will be allocated to the Separate Account and invested at net asset value in shares of one or more mutual funds that are registered under the 1940 Act, as designated by the Contract owner at the time of the purchase. The Separate Account maintains a separate sub-account corresponding to each available mutual fund.

3. The Contracts are sold to individuals either as Non-Qualified Contracts or as Individual Retirement Annuities that may qualify for special federal tax treatment. They also may be sold as Qualified Contracts to Qualified Plans on behalf of Qualified Plan Participants, which may qualify for special federal tax treatment.

4. NFS, registered as a broker-dealer under the Securities Exchange Act of 1934, is the general distributor for the Contracts.

5. An Administration Charge equal on an annual basis to .20% of the daily net asset value of the Variable Account is deducted during both the "pay-in"