

affiliated and unaffiliated life insurance companies (the "Participating Insurance Companies"); and (b) qualified pension and retirement plans outside of the separate account context (the "Plans").

**FILING DATE:** The application was filed on July 31, 1995 and amended on August 28, 1995. Applicants represent that an amendment to the application will be filed during the notice period.

**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 Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on December 27, 1995, and 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 interest, the reason for the request and the issues contested. Persons may request notification of the date of a hearing by writing to the Secretary of the SEC.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, Jeffrey S. Winer, Esq., CIGNA Variable Products Groups, 900 Cottage Grove Road, S-215, Hartford, Connecticut 06152-2215.

**FOR FURTHER INFORMATION CONTACT:** Barbara J. Whisler, Senior Counsel, or Wendy Friedlander, Deputy Chief, both 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 Public Reference Branch of the SEC.

#### Applicants' Representations

1. The Trust is an open-end, management investment company organized as a Massachusetts business trust. Currently, the Trust has one series of shares, the Companion Fund.

2. CIGNA serves as the investment advisor for the Trust. CIGNA is a Delaware corporation registered as an investment advisor under the Investment Advisers Act of 1940.

3. The Trust currently offers its shares to and its shares are held by CG Variable Annuity Account I ("Account I") and CG Variable Annuity Account II ("Account II") of Connecticut General Life Insurance Company ("Connecticut General"). Account I and Account II are separate accounts registered with the Commission under the 1940 Act as unit investment trusts. The Trust serves as the investment vehicle for variable

annuity contracts issued by Connecticut General. Shares of the Trust are also sold to and held by Connecticut General on behalf of the Connecticut General Field Individual Deferred Compensation Plan.

4. Applicants state that, upon the granting of the order requested in this application, the Trust intends to offer shares of its existing and future portfolios to separate accounts, registered as investment companies under the 1940 Act, of Connecticut General and of other unaffiliated insurance companies (collectively, the "Accounts"), to serve as an investment vehicle for various types of insurance products. These products may include variable annuity contracts, single premium variable life insurance contracts, scheduled premium variable life insurance contracts and flexible premium variable life insurance contracts (collectively, the "Contracts"). The Trust also may offer shares of its portfolios directly to the Plans outside of the separate account context.

5. In connection with any Contract issued by a Participating Insurance Company, Applicants state that each such company will have the legal obligation of satisfying all applicable requirements under the federal securities laws. Applicants further state that the role of the Funds under this arrangement, insofar as the federal securities laws are applicable, will consist of offering shares to the Accounts and to the Plans and fulfilling any conditions that the Commission may impose upon granting the order requested in the application.

6. Applicants state that, due to the applicable tax law, the Funds wish to avail themselves of the opportunity to increase their asset base through the sale of shares of the Funds to the Plans. The Plans may choose any of the Funds as the sole investment option under the Plan or as one of several investment options. Participants may be given an investment choice depending upon the Plan. Shares of any of the Funds sold to Plans will be held by the trustees of the Plans as mandated by Section 403(a) of the Employee Retirement Income Security Act ("ERISA"). CIGNA will not act as investment advisor to any of the Plans that will purchase shares of the Funds. Applicants note that, pursuant to ERISA, pass-through voting is not required to be provided to participants in the Plans. Thus, Applicants state that there will be no pass-through voting provided to the participants in the Plans.

#### Applicants' Legal Analysis

1. In connection with the funding of scheduled premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a unit investment trust ("UIT"), Rule 6e-2(b)(15) provides partial exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act. The relief provided by Rule 6e-2 is available to a separate account's investment advisor, principal underwriter, and sponsor or depositor. The exemptions granted by Rule 6e-2(b)(15) are available only where the management investment company underlying the UIT offers its shares, "exclusively to variable life insurance separate accounts of the life insurer, or of any affiliated life insurance company." The use of a common management investment company as the underlying investment medium for both variable annuity and variable life insurance separate accounts of a single insurance company (or of two or more affiliated insurance companies) is referred to as "mixed funding." The use of a common management investment company as the underlying investment medium for variable annuity and variable life insurance separate accounts of unaffiliated insurance companies is referred to as "shared funding." "Mixed and shared funding" denotes the use of a common management investment company to fund the variable annuity and variable life insurance separate accounts of affiliated and unaffiliated insurance companies. The relief granted by Rule 6e-2(b)(15) is not available with respect to a scheduled premium variable life insurance separate account that owns shares of an underlying fund that offers its shares to a variable annuity separate account of the same company or of any other affiliated or unaffiliated life insurance company. Therefore, Rule 6e-2(b)(15) precludes mixed funding as well as shared funding.

2. Applicants state that because the relief under Rule 6e-2(b)(15) is available only where shares are offered exclusively to separate accounts of insurance companies, additional exemptive relief is necessary if shares of the Funds are also to be sold to Plans.

3. In connection with flexible premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a UIT, Rule 6e-3(T)(b) (15) provides partial exemptions from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act. The exemptions granted to a separate account by Rule 6e-3(T)(b)(15) are available only where all of the assets of the separate account consist of the