

1.25% for the assumption of mortality and expense risks from the assets of: (a) The Accounts in connection with the issuance of the Annuity Contracts; (b) the Accounts in connection with the issuance of any Future Contracts; and (c) any other separate account established in the future by the Insurance Companies in connection with the issuance of Future Contracts. Applicants believe that the requested exemptions 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.

2. Applicants submit that their request for exemptive relief for deduction of the 1.25% mortality and expense risk charge from the assets of the Accounts, or any other separate account established by the Insurance Companies in the future, in connection with the issuance of Future Contracts, would promote competitiveness in the variable annuity contract market by eliminating the need for the Insurance Companies to file redundant exemptive applications, thereby reducing the Insurance Companies' administrative expenses and maximizing the efficient use of their resources. Applicants further submit that the delay and expense involved in having repeatedly to seek exemptive relief would impair the Insurance Companies' ability effectively to take advantage of business opportunities as they arise. Further, if the Insurance Companies were required repeatedly to seek exemptive relief with respect to the same issues addressed in this Application, investors would not receive any benefit or additional protection thereby. Thus, Applicants believe that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the 1940 Act.

3. Section 6(c) of the 1940 Act authorizes the Commission, by order upon application, to conditionally or unconditionally grant an exemption from any provision, rule or regulation of the 1940 Act to the extent that the exemption is necessary or 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.

4. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in relevant part, prohibit a registered unit investment trust, its depositor or principal underwriter, from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, are

deposited with a qualified bank and held under arrangements which prohibit any payment to the depositor or principal underwriter except a reasonable fee, as the Commission may prescribe, for performing bookkeeping and other administrative duties normally performed by the bank itself.

5. Applicants represent that the 1.25% mortality and expense risk charge under the Contracts is within the range of industry practice for comparable annuity contracts. This representation is based upon Applicants' analysis of similar industry products, taking into account such factors as current change levels, existence of charge level guarantees, and guaranteed annuity rates. Applicants represent that the Insurance Companies will maintain at their home offices, available to the Commission, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, their comparative survey.

6. Applicants acknowledge that, if a profit is realized from the mortality and expense risk charge under the Contracts, all or a portion of such profit may be available to pay distribution expenses not reimbursed by the CDSC. The Insurance Companies have concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the Accounts and the Contract owners. The basis for that conclusion is set forth in a memorandum which will be maintained by the Insurance Companies at their administrative offices and will be made available to the Commission.

7. Applicants also represent that the Accounts will invest only in underlying open-end management investment companies which undertake, in the event they should adopt a plan under Rule 12b-1 to finance distribution expenses, to have a board of directors or trustees, a majority of whom are not "interested persons" of such company within the meaning of Section 2(a)(19) of the 1940 Act, formulate and approve any such plan.

#### Conclusion

For the reasons set forth above, Applicants represent that the exemptions requested 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.*

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

#### **Regional Liaison Outreach and Services Program (L.O.S.P.); Announcement of Request for Proposals (RFP)**

**SUMMARY:** The Department of Transportation's Office of Small and Disadvantaged Business Utilization (O.S.D.B.U.) is responsible for the Department's implementation and execution of the functions and duties under sections eight (8) and fifteen (15) of the Small Business Act (15 U.S.C. 637) for developing policies and procedures consistent with Federal statutes to provide policy direction for minority, women-owned, small, and disadvantaged business (S/DBE) participation in the Department's procurement and Federal financial assistance activities. The office is also responsible for implementing and monitoring the Department's goals for minority, women-owned and small and disadvantaged businesses. The Secretary of Transportation has encouraged DOT operating administrations to expand opportunities for these entrepreneurs to participate fully in all DOT-funded procurements and assisted programs. On May 10, 1994 OSDBU published a Notice in the **Federal Register** requesting proposals from organizations classified as minority trade associations and/or Minority Chambers of Commerce to serve as regional representatives for the LOSP. Based upon the nationwide competition an independent panel recommended and OSDBU selected the following as regional representatives: The National Association of Minority Contractors, Washington, D.C. to represent Region 3 (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia); Latin Chamber of Commerce U.S.A., Miami, FL. to represent Region 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee); Metropolitan Chamber of Commerce, Flint, MI. to represent Region 5 (Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin); Hispanic Chamber of Greater Kansas City, Kansas City, MO. to represent Region 7 (Iowa, Kansas, Missouri and