

2. Applicant never made a public offering of its shares. Applicant's only shareholder was its sponsor, Shearson Lehman Brothers, which invested \$100,000 in applicant as initial capital.

3. The Trustees of applicant, including the Trustees who are not interested persons, unanimously approved a Plan of Dissolution, Liquidation and Termination (the "Plan") providing for the dissolution of applicant, the liquidation of the applicant's assets and the distribution of all proceeds of such liquidation. Applicant's sole shareholder approved the Plan on July 21, 1994. Pursuant to the Plan, applicant's net assets were distributed in cash to applicant's sole shareholder.

4. No expenses of the Plan were borne by the shareholders of applicant. All such expenses were borne by applicant's adviser and administrator. Applicant has no known debts or other liabilities which remain outstanding.

5. Applicant has no shareholders and no assets. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged in, nor does it propose to engage in, any business activities other than those necessary to wind up its affairs. Applicant intends to file a Certificate of Cancellation with the Commonwealth of Massachusetts to terminate its existence.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Rel. No. IC-21151; 812-9484]

**American Partners Life Insurance Company, et al.**

June 20, 1995.

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

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** American Partners Life Insurance Company ("American Partners Life"), APL Variable Annuity Account 1 (the "Variable Account"), and American Express Financial Advisors Inc. ("American Express Financial").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) of the Act that would exempt applicants from sections 26(a)(2)(C) and 27(c)(2) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to permit American Partners Life to deduct a mortality and

expense risk charge from the assets of the Variable Account in connection with the offering of certain flexible premium individual deferred variable annuity contracts as well as other variable annuity contracts.

**FILING DATE:** The application was filed on February 16, 1995, and amended on June 6, 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 17, 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, D.C. 20549. Applicants, c/o Mary Ellyn Minenko, Counsel, American Partners Life Insurance Company, IDS Tower 10, Minneapolis, MN 55440.

**FOR FURTHER INFORMATION CONTACT:** James M. Curtis, Senior Counsel, at (202) 942-0563, or Robert A. Robertson, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, 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.

**Applicants' Representations**

1. American Partners Life is a wholly-owned subsidiary of IDS Life Insurance Company ("IDS Life"). IDS Life is a stock life insurance company organized under the laws of the State of Minnesota. IDS Life is a wholly-owned subsidiary of American Express Financial Corporation, a Delaware corporation.

2. The Variable Account was established as a separate account under the laws of the State of Arizona to fund variable annuities issued by American Partners Life. The Variable Account is registered as a unit investment trust under the Act. The Variable Account has filed with the SEC a registration statement on Form N-4 in connection with the offering of certain flexible premium individual deferred variable annuity contracts ("Contracts") issued by American Partners Life. The Variable

Account will be used to fund these Contracts.

3. Applicants request that exemptive relief permit the deduction of a mortality and expense risk charge from the assets of any subaccounts or variable accounts established by APL to support future individual deferred variable annuity contracts that are substantially similar in all material respects to the Contract.

4. Each subaccount of the Variable Account will invest solely in the shares of one of the corresponding funds of a registered investment company (the "Funds"). Currently, there are six subaccounts that will invest in the shares of six corresponding Funds. The Funds currently available for investment by the subaccounts are registered open-end management investment companies managed by IDS Life. American Partners Life plans to create additional subaccounts and/or variable accounts to invest in additional Funds which will be available as future investment options.

5. American Express Financial is the principal underwriter of the Variable Account. American Express Financial is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

6. The Contracts are individual deferred combination fixed/variable annuity contracts. The Contracts allow the owners to elect to have contract values accumulate in the Variable Account as well as in a fixed account.

7. Contract owners must make an initial lump sum purchase payment or set up installment payments. Contract owners may make additional purchase payments under the Contracts. The initial purchase payment must be at least \$2,000 for nonqualified Contracts and \$1,000 for qualified Contracts. The installment payments must be set up for at least \$100 monthly or \$50 biweekly. Installment payments must total at least \$1000 in the first year. After making the initial purchase payment or setting up the installment payments, Contract owners may make additional payments of at least \$100 for nonqualified and qualified Contracts. The maximum first year payment(s) is \$1 million up to age 75; \$500,000 for ages 76-85; and \$50,000 for ages 86-90. The maximum is based on the Contract owner's age or the age of the annuitant (whomever is older) on the effective date of the Contract. The maximum payment for each subsequent year is \$50,000. American Partners Life reserves the right to increase maximum limits or reduce age limits. The Contracts provide for allocation of purchase payments to

the subaccounts of the Variable Account and/or to a fixed account in even 1% increments. There is no minimum value requirement of a Contract owner's investment in a subaccount of the Variable Account or in the fixed account.

8. Prior to the annuity start date, the Contract owner can, at any time, surrender all or part of the Contract value held in one or more of the subaccounts of the Variable Account and the fixed account. There is no charge for a partial or total surrender. Upon retirement, annuity payments will be made on a fixed basis. Retirement benefits may be made in a lump sum, under one of five annuity payment plans or under any other arrangement acceptable to American Partners Life.

9. American Partners Life will assess an annual contract administrative charge of \$30 for the Contracts on each contract anniversary. American Partners Life waives this contract administrative charge for any contract year where the total purchase payments (less partial surrenders) on the current contract anniversary is \$10,000 or more or if, during the contract year, a death benefit is payable or the Contract is surrendered in full. This charge reimburses American Partners Life for the administrative services attributable to the Contracts. The annual contract administrative charge does not apply after retirement payments begin. This charge represents reimbursement for only the actual administrative costs expected to be incurred over the life of the Contracts. American Partners Life reserves the right to increase the administrative charges up to \$50 if warranted by the expenses incurred. American Partners Life also reserves the right to assess the contract administrative charge against all Contracts.

10. American Partners Life and the Variable Account rely on rules 0-1(e), 6c-8, 26a-1, and 26a-2 under the Act in connection with the deduction of the contract administration charge and certain other charges under the Contracts. American Partners Life does not expect to profit from the contract administrative charge. In some cases, American Partners Life may expect to incur lower sales and administrative expenses or perform fewer services. In those cases, American Partners Life may, in its discretion, reduce or eliminate the contract administrative charge. American Partners Life expects this to occur infrequently, if at all.

11. Prior to the annuity start date, the Contract owner can, at any time, transfer all or part of the contract value held in one or more of the subaccounts of the

Variable Account and fixed account to another one or more of the subaccounts. The minimum amount to be transferred to any one subaccount is \$100.

American Partners Life reserves the right to impose or change limits to amount and frequency of transfers. There is no charge for the first 12 transfers in a contract year, but American Partners Life will charge \$25 for each transfer in excess of 12.

12. American Partners Life will make a charge against the contract value for any premium taxes to the extent the taxes are payable. No charges are currently made for federal, state or local taxes other than premium taxes. American Partners Life reserves the right to deduct such taxes from the Variable Account in the future.

13. To compensate American Partners Life for assuming mortality and expense risks, it will apply a daily mortality and expense risk charge to the Variable Account. This charge equals 1% of the average daily net assets of the subaccounts of the Variable Account on an annual basis. American Partners Life estimates that approximately two-thirds of this charge is for assumption of the mortality risk and one-third is for the assumption of the expense risk. This charge cannot be increased during the life of the Contracts.

14. American Partners Life assumes certain mortality risks by its contractual obligation to continue to make retirement payments for the entire life of the annuitant under annuity obligations which involve life contingencies. This assures each annuitant that neither the annuitant's own longevity nor an improvement in life expectancy generally will have an adverse effect on the retirement payments received under the Contracts. This relieves the annuitant from the risk of outliving the amounts accumulated for retirement. American Partners Life assumes additional mortality and certain expense risks under the Contracts by its contractual obligation to pay a death benefit in a lump sum (or in the form of an annuity payment plan) upon the death of the owner or the annuitant prior to the annuity start date. In addition, American Partners Life assumes an expense risk because the contract administrative charge may be insufficient to cover actual administrative expenses.

15. If the contract administrative charge and the mortality and expense risk charge are insufficient to cover the expenses and costs assumed, the loss will be borne by American Partners Life. Conversely, if the amount deducted proves more than sufficient, the excess will represent a profit to American

Partners Life. American Partners Life does expect to profit from the mortality and expense risk charge.

#### **Applicants' Legal Analysis**

1. Applicants request an exemption under section 6(c) of the Act from sections 26(a)(2)(C) and 27(c)(2) of the Act to permit the deduction of a mortality and expense risk charge from the assets of the Separate Account under the Contracts.

2. Sections 26(a)(2)(C) and 27(c)(2) of the Act 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 (except such amounts as are deducted for sales load) are deposited with a trustee or custodian having the qualifications prescribed by Section 26(a)(1) of the Act and held under an agreement which provides that no payment to the depositor or principal underwriter shall be allowed except as a fee, not exceeding such reasonable amount as the SEC may prescribe, for bookkeeping and other administrative services. American Partners Life's deduction of a mortality and expense risk charge from the assets of the Variable Account may be deemed to be a payment prohibited by sections 26(a)(2)(c) and 27(c)(2).

3. Section 6(c) authorizes the SEC to exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions from the provisions of the Act and the rules promulgated thereunder if and 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 policy and provisions of the Act.

4. Applicants represent that the requested relief is appropriate in the public interest because it would promote competitiveness in the variable annuity market by eliminating the need for American Partners Life to file redundant exemptive applications, thereby reducing its administrative expenses and maximizing the efficient use of its resources. The delay and expense involved in having to request exemptive relief repeatedly would impair American Partners Life's ability to effectively take advantage of business opportunities that arise. Applicants represent that, for the same reasons, the requested relief is consistent with the purposes of the Act and the protection of investors. If American Partners Life were required to seek exemptive relief repeatedly with respect to the same issues addressed in this application,

investors would not receive any benefit or additional protection thereby. Indeed, they might be disadvantaged as a result of American Partners Life's increased overhead expenses.

5. Applicants represent that the level of the mortality and expense risk charge is within the range of industry practice for comparable variable annuity products. American Partners Life has reviewed publicly available information about other annuity products taking into consideration such factors as current charge levels, charge guarantees, sales loads, surrender charges, availability of funds, investment options available under annuity contracts, and market sector. American Partners Life represents that it will maintain at its executive office, and make available on request of the SEC or its staff, a memorandum setting forth its analysis, including its methodology and results.

6. American Partners Life has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements made with respect to the Contracts will benefit the Variable Account and investors in the Contracts. The basis for such conclusion is set forth in a memorandum which will be maintained by American Partners Life at its service office and will be available to the SEC or its staff on request.

7. American Partners Life represents that the Variable Account will invest only in an underlying mutual fund which, in the event it should adopt any plan under rule 12b-1 of the Act to finance distribution expenses, would have such a plan formulated and approved by a board of directors, a majority of the members of which are not interested persons of such fund within the meaning of Section 2(a)(19) of the Act.

### Conclusion

For the reasons set forth above, applicants believe that the requested 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 Act.

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

**Margaret H. McFarland,**  
*Deputy Secretary.*

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[Rel. No. IC-21154; 811-4887]

### SLH Convertible Securities Fund; Notice of Application

June 20, 1995.

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

**ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** SLH Convertible Securities Fund.

**RELEVANT ACT SECTION:** Order requested under section 8(f).

**SUMMARY OF APPLICATION:** Applicant seeks an order declaring it has ceased to be an investment company.

**FILING DATES:** The application was filed on May 23, 1995 and amended on June 26, 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 July 17, 1995, and should be accompanied by proof of service on the 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 may request notification of a hearing by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 388 Greenwich Street, New York, NY 10013.

**FOR FURTHER INFORMATION CONTACT:** Marianne H. Khawly, Staff Attorney, at (202) 942-0562, 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. Applicant is a registered open-end, diversified, management investment company under the Act and is organized as a business trust under the laws of the Commonwealth of Massachusetts. On October 24, 1986, applicant filed a Notification of Registration on Form N-8A pursuant to section 8(a) of the Act and a registration statement on Form N-1A under section 8(b) of the Act and

under the Securities Act of 1933. The registration statement was declared effective on February 6, 1987 and applicant's initial public offering commenced shortly thereafter.

2. On March 27, 1990, applicant's Board of Trustee (the "Board") unanimously determined that applicant's continuation was no longer in the best interest of applicant or its shareholders. The Board determined that applicant's shareholders would be better served by a liquidation of applicant's assets. In making this determination, the Board considered a number of factors including the relatively small size of applicant's assets, applicant's resulting high expense ratio, and the improbability that sales of applicant's shares could be increased to raise applicant's assets to a more viable level. The Board voted to approve an Agreement and Plan of Liquidation and Termination (the "Plan") whereby the assets of applicant would be distributed in cash to applicant's shareholders in complete liquidation of applicant on June 13, 1990 (the "Liquidation Date").

3. On March 28, 1990, preliminary and definitive proxy materials were filed with the SEC. On April 11, 1990, definitive proxy materials were distributed to applicant's shareholders. On June 13, 1990, applicant's shareholders approved the Plan.

4. On the Liquidation Date, immediately preceding the liquidation, applicant had a total of 380,315.076 shares of beneficial interest outstanding. At such time, applicant's aggregate and per share net asset value was \$3,460,867.19 and \$9.10, respectively.

5. On the Liquidation Date, applicant reduced its assets to cash and transferred the proceeds to its shareholders at fair market value in cancellation of their shares. All assets of applicant were distributed to applicant's shareholders in connection with the liquidation after the payment of all outstanding obligations, taxes, and other accrued or contingent liabilities. No sales charge was imposed in connection with the transaction.

6. All expenses incurred in connection with applicant's liquidation was borne by the Smith Barney Inc., formerly Shearson Lehman Brothers Inc. ("Shearson"), applicant's principal underwriter. Such expenses, totalling \$90,000, including legal, accounting, printing, and administrative fees. At the time of its liquidation, applicant had amortized all but approximately \$49,370 of its organizational expenses. Such organizational expenses were absorbed by Shearson.