Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR–NYSE–95–14 and should be submitted by July 24, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–16398 Filed 6–30–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21165; No. 812–9392]

Anchor National Life Insurance Company, et al.

June 26, 1995.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for an order pursuant to the Investment Company Act of 1940 (the ''1940 Act'').

APPLICANTS: Anchor National Life Insurance Company (''Anchor National''), Variable Annuity Account Four (the ''Variable Account''), and SunAmerica Capital Services, Inc. (''SunAmerica'').

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 6(c) of the 1940 Act for exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2) thereof.

SUMMARY OF APPLICATION: Applicants seek an order permitting the deduction of mortality and expense risk and distribution expense risk charges from: the assets of the Variable Account in connection with the offer and sale of certain flexible payment deferred annuity contracts (''Existing Contracts'') and any annuity contracts substantially similar in all material respects to the Existing Contracts (''Future Contracts,'' together with Existing Contracts, the ''Contracts'') which may be sold in the future by the Variable Account; or the assets of any other separate account (''Future Accounts,'' together with the Variable Account, the ''Accounts'') established in the future by Anchor National in connection with the issuance of Future Contracts.

FILING DATE: The application was filed on December 21, 1994, and amended on June 16, 1995.

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 on the application by writing to the Secretary of the Commission 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 July 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 Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street NW., Washington, DC 20549. Applicants, Susan L. Harris, Esq., SunAmerica Inc., 1 SunAmerica Center, Century City, Los Angles, California 90067–6022.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior Counsel, or Patrice M. Pitts, Special Counsel, Office of Insurance Products (Division of Investment Management), at (202) 942–0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the Commission.

Applicants' Representations

1. Anchor National is a stock life insurance company incorporated under the laws of the State of California.

2. SunAmerica will serve as distributor of the Contracts. SunAmerica is registered as a broker-dealer pursuant to the Securities Exchange Act of 1934.

3. The Variable Account was established by Anchor National as a separate investment account on November 8, 1994, to act as a funding medium for variable annuity contracts. The Variable Account is registered pursuant to the 1940 Act as a unit investment trust.

4. The Variable Account presently consists of eighteen subaccounts, each of which will invest in the shares of one of four available separate investment series of the Anchor Series Trust or one of fourteen available separate investment series of the SunAmerica Series Trust. Additional underlying funds may become available in the future. Both the Anchor Series Trust and the SunAmerica Series Trust are registered pursuant to the 1940 Act as diversified, open-end, management investment companies.

5. The Variable Account and each of its subaccounts is administered and accounted for as part of the general business of Anchor National, but the income, gains or losses of each subaccount are credited to or charged against the assets held in that subaccount in accordance with the terms of the Contracts, without regard to other income, gains or losses of any other subaccount or arising out of any other business Anchor National may conduct.

6. The Contracts are available for retirement plans which do not qualify for the special federal tax advantages available pursuant to the International Revenue Code and for retirement plans which do qualify for the federal tax advantages available pursuant to the Internal Revenue Code. The Contracts provide for the accumulation of contract values and payment of annuity benefits on a fixed and variable basis.

7. Purchase payments under the Contracts may be made to the general account of Anchor National under one of the Contracts' fixed account options (the ''Fixed Account''), the Variable Account, or allocated between them. The minimum initial purchase payment for a Contract issued on a qualified or non-qualified basis is $50,000 and additional purchase payments may be made in amounts of at least $500.

8. If the contract owner dies during the accumulation period, a death benefit will be payable to the beneficiary upon receipt by Anchor National of due proof of death. The standard death benefit is equal to the greater of:

(1) The contract value at the end of the valuation period during which due proof of death (and an election of the type of payment to the beneficiary) is received by Anchor National; or

(2) The total dollar amount of purchase payments, minus the sum of:

(a) The total amount of any partial withdrawals and partial annuitizations, and

(b) Premium taxes incurred.

9. Where permitted by state law, Anchor National will provide an enhanced death benefit. During the first seven contract years, the enhanced death benefit is determined by recomputing the standard death benefit by accumulating all amounts under (2) above annually at 4% (3% if the contract owner was age 70 or order on the date of issue) to the date of death. After the seventh contract year, the enhanced death benefit is the greater of the amount recomputed as above, or the following:

The contract value at the seventh contract anniversary, plus any purchase payments made since that anniversary, minus the sum of:

(1) The total amount of partial withdrawals and partial annuitizations since such seventh anniversary, and

(2) Premium taxes incurred since the seventh anniversary, all accumulated annually at 4% (3% if the contract owner was age 70 or older on the date of issue) to the date of death.

10. During the accumulation period, amounts allocated to the Variable Account may be transferred among the portfolios and/or the Fixed Account. Both prior to and after the annuity date, contract values may be transferred from the Variable Account to the Fixed Account. Any amounts allocated or transferred to the Fixed Account may be transferred from the Fixed Account to the Variable Account only on or before the annuity date. The first fifteen transactions effecting such transfers in any contract year are permitted without the imposition of a transfer fee. A transfer fee of $25 ($10 in Pennsylvania and Texas) is assessed on the sixteenth and each subsequent transfer within the contract year. This fee will be deducted from contract values which remain in the subaccount (or the Fixed Account) from which the transfer was made. If such remaining contract value is insufficient to pay the transfer fee, then the fee will be deducted from transferred contract values. Applicants represent that the transfer fee is at cost with no anticipation of profit.

11. Although there is a ''free withdrawal'' amount, a contingent deferred sales charge, which is referred to as the withdrawal charge, may be imposed upon certain withdrawals. Withdrawal charges will vary in amount depending upon the contribution year of the purchase payment at the time of withdrawal. During the first nine contribution years the withdrawal charge percentage will be 0.75%. During the tenth and subsequent contribution years there will be no withdrawal charge.

20. Anchor National currently intends to deduct premium taxes at the time of surrender, upon death of the contract owner or upon annuitization. Anchor National reserves the right, however, to deduct premium taxes when they are incurred. Some states assess premium taxes at the time purchase payments are made. Other states assess premium taxes at the time of surrender or when annuity payments begin. Premium taxes range from 0% to 3% in the jurisdictions in which Anchor National anticipates that the Contracts will be sold.

13. The withdrawal charge is deducted from remaining contract values so that the actual reduction in contract value as a result of the withdrawal will be greater than the withdrawal amount requested and paid. For purposes of determining the withdrawal charge, withdrawals will be allocated first to investment income, if any (which generally may be withdrawn free of withdrawal charge), and then to purchase payments on a first-in, first-out basis so that all withdrawals are allocated to purchase payments to which the lowest (if any) withdrawal charge applies.

14. Anchor National deducts a distribution expense risk charge from each portfolio of the Variable Account during each valuation period which is equal, on an annual basis, to 0.15% of the net asset value of each portfolio. This charge is designed to compensate Anchor National for assuming the risk that the cost of distributing the Contracts will exceed the revenues from the withdrawal charge. In no event will this charge be increased. The distribution expense risk charge is assessed during both the accumulation period and the annuity period, but it is not applied to contract values allocated to the Fixed Account.

15. The annuity rates may not be changed under the Contracts. For (1) assuming the risk that the life expectancy of an annuitant will be greater than that assumed in the guaranteed annuity purchase rates, (2) waiving the withdrawal charge in the event of the death of the contract owner, and (3) providing both a standard and enhanced death benefit prior to the annuity date, Anchor National deducts a mortality risk charge from the Variable Account. The charge is deducted from each subaccount of the Variable Account during each valuation period at an annual rate of 1.02% of the net asset value of each subaccount. The portion of the total mortality risk charge attributable to Anchor National's assuming (1) and (2) above and providing a standard death benefit is 0.90%, the balance of 0.12% is assessed for providing the enhanced death benefit.

16. If the mortality risk charge is insufficient to cover the actual costs of assuming the mortality risks, Anchor National will bear the loss. If the charge proves more than sufficient, the excess will be a profit for Anchor National. To the extent Anchor National realizes any such profit, it may be used at its discretion, including for offsetting losses experienced when the mortality risk charge is insufficient. The mortality risk charge may not be increased under the Contracts.

17. There is no annual contract charge imposed by Anchor National to help defray the costs of administering the Contracts. However, Anchor National deducts an expense risk charge from the Variable Account to cover such administrative costs. The charge is deducted from each subaccount of the Variable Account during each valuation period at an annual rate of 0.35% of the net asset value of each portfolio. If the expense risk charge is insufficient to cover the actual cost of administering the Contracts, Anchor National will bear the loss; however, if the charge is more than sufficient, the excess will be a profit for Anchor National. To the extent that Anchor National realizes any such profit, it may be used at its discretion, including for offsetting losses when the expense risk charge is insufficient. The expense risk charge may not be increased under the Contract.

Applicants' Legal Analysis and Conditions

1. Applicants request an order pursuant to Section 6(c) of the 1940 Act exempting them from Sections 26(a)(2)(C) and 27(c)(2) thereof to the extent necessary to permit the deduction of mortality and expense risk and distribution expense risk charges from the assets of the Accounts in connection with the issue and sale of the Contracts.

2. Pursuant to Section 6(c) of the 1940 Act the Commission may, by order upon application, conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the 1940 Act or from any rule or regulation 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 1940 Act.

3. 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 are 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.

4. Applicants submit that their request for exemptive relief for deduction of the mortality and expense risk and distribution expense risk charges from the assets of the Accounts in connection with the issue and sale of the Contracts would promote competitiveness in the variable annuity

contract market by eliminating the need for redundant exemptive applications, thereby reducing Applicants' 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 their ability effectively to take advantage of business opportunities as they arise. Further, if Applicants 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. 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.

5. Applicants assert that the mortality and expense risk charge of 1.25% (which includes all risk charges imposed under the Existing Contracts with the exception of the 0.12% risk charge for the enhanced death benefit) is reasonable in relation to the risks assumed by Anchor National under the Existing Contracts and reasonable in amount as determined by industry practice with respect to comparable annuity products. Applicants state that these determinations are based on their analysis of publicly available information about similar industry practices, and on consideration of such factors as current charge levels and benefits provided, the existence of expense charge guarantees and guaranteed annuity rates. Anchor National undertakes to maintain at its home office a memorandum, available to the Commission upon request, setting forth in detail the methodology used in making these determinations.

6. Applicants assert that the mortality risk charge of 0.12% for the enhanced death benefit is reasonable in relation to the risks assumed by Anchor National under the Existing Contracts for the enhanced death benefit. Anchor National undertakes to maintain at its home office a memorandum, available to the Commission upon request, setting forth in detail the methodology used in making this determination.

7. Applicants represent that, prior to relying on exemptive relief resulting from this application in connection with Future Contracts funded through the Accounts, Applicants will determine that any mortality and expense risk charges under such contracts are reasonable in amount as determined by industry practice with respect to comparable annuity products and/or reasonable in relation to the risks assumed by Anchor National. Applicants represent that Anchor National will maintain and make available to the Commission upon request a memorandum setting forth the basis of such conclusion.

8. Anchor National has concluded that there is a reasonable likelihood that the Variable Account's distribution financing arrangement will benefit the Variable Account and its investors. Anchor National represents that it will maintain and make available to the Commission upon request a memorandum setting forth the basis of such conclusion.

9. Applicants represent that, prior to relying on exemptive relief resulting from this application in connection with Future Contracts funded through the Accounts, Applicants will determine that there is a reasonable likelihood that the distribution financing arrangement will benefit the Variable Account and its investors or Future Accounts and their investors. Anchor National represents that it will maintain and make available to the Commission upon request a memorandum setting forth the basis of such conclusion.

10. Anchor National represents that the assets of the Variable Account and any Future Accounts will be invested only in management investment companies which undertake, in the event they should adopt a plan for financing distribution expenses pursuant to Rule 12b–1 under the 1940 Act, to have such plan formulated and approved by their board of directors, the majority of whom are not "interested persons" of the management investment company within the meaning of Section 2(a)(19) of the 1940 Act.

11. Applicants represent that the amount of any withdrawal charge imposed under the Contracts, when added to any distribution expense risk charge previously paid thereunder, will not exceed 9% of purchase payments, and that Anchor National will monitor the account of each Contract owner to ensure that this limitation is not exceeded.

Conclusion

For the reasons summarized 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.

[FR Doc. 95–16210 Filed 6–30–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21164; 812–9508]

Kansas City Life Insurance Company, et al.

June 26, 1995.

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

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

APPLICANTS: Kansas City Life Insurance Company ("Kansas City Life"), Kansas City Life Variable Annuity Separate Account (the "Separate Account"), and Sunset Financial Services, Inc. ("Sunset 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 them to deduct a mortality and expense risk charge from the assets of the Separate Account or any other separate account ("Other Accounts") that Kansas City Life may establish in the future to support certain individual flexible premium payment deferred variable annuity contracts ("Contracts") as well as other variable annuity contracts offered in the future that are similar in all material respects to the Contracts ("Future Contracts").

FILING DATES: The application was filed on March 3, 1995, and amended on June 8, 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 18, 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 NW., Washington, D.C. 20549. Applicants, Kansas City Life Insurance