

credit would be given for the time that the Old Contract was in effect.

7. Applicants submit that the history for Rule 11a-2 does not reflect any policy basis for the apparent requirement that the sales load schedule for the acquired security be applied to Contract values carried over from the exchanged security. Provisions of Rule 11a-2 relevant to exchanges of variable annuity contracts with front-end sales load structures effectively permit the deduction of an aggregate sales load based on the highest sales load rate applicable to either the exchanged security or acquired security.

Applicants submit that there is no policy reason for permitting the highest sales load rate to apply in the context of contracts with a front-end sales load structure, but not contracts with a deferred sales load structure. Further, Applicants note that Rule 11a-3, which applies to exchange offers involving mutual fund shares, prohibits the deduction of a deferred sales load on an exchanged security at the time of exchange, but permits the deduction of that sales load when the acquired security is redeemed, provided that, among other things, credit is given for the time the acquired security was held. Thus, Applicants state that Rule 11a-3 would permit the CDSC deductions as contemplated in the Exchange Offer and cite examples 4 and 5 in the appendix to the Commission release adopting Rule 11a-3 (Inv. Co. Act Rel. No. 17097) in support of their view. Applicants submit that there is no policy reason for applying different rules to mutual fund exchange offers than are applied to separate account exchange offers.

#### Applicants' Conclusion

For the reasons set forth above, Applicants submit that the Exchange Offer complies with the general principals of Section 11(a) and Rules 11a-2 and 11a-3 and does not present any of the abuses that Section 11 was intended to prevent. Accordingly, Applicants request approval pursuant to Section 11(c) of the 1940 Act to the extent necessary to permit the Exchange Offer to be made to owners of the Old Contracts as described above.

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

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 95-31220 Filed 12-22-95; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 21606; 811-4649]

#### Shearson Lehman Series Fund

December 19, 1995.

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

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

**APPLICANT:** Shearson Lehman Series Fund.

**RELEVANT ACT SECTION:** Section 8(f).

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

**FILING DATE:** The application was filed on September 12, 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 January 16, 1996 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 5th Street, N.W., Washington, D.C. 20549. Applicant, 388 Greenwich Street, New York, New York 10013.

**FOR FURTHER INFORMATION CONTACT:** Sarah A Buescher, Staff Attorney, at (202) 942-0573, or Alison E. Baur, 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 or a fee from the SEC's Public Reference Branch.

#### Applicant's Representations

1. Applicant is an open-end management investment company organized as a Massachusetts business trust. Applicant has five portfolios: Money Market Portfolio, High Income Bond Portfolio, Government Securities Portfolio, Total Return Portfolio, and Appreciation Portfolio. On April 25, 1986, applicant filed a Notification of Registration on Form N-8A and a registration statement on Form N-1A

pursuant to section 8(b) of the Act and the Securities Act of 1933. The registration statement became effective on October 10, 1986, and the initial public offering commenced shortly thereafter.

2. On January 17, 1990, applicant's board of trustees approved a proposal (the "Plan") whereby applicant would be replaced with the IDS Life Series Fund, Inc. (the "Fund") as the investment vehicle for the single premium variable life insurance policies issued by IDS Life Insurance Company of New York and IDS Life Insurance Company. The Plan called for applicant's sole shareholder, IDS Life Variable Account for Shearson Lehman, to redeem all of its shares of applicant.<sup>1</sup>

3. On December 28, 1990, applicant's sole shareholder redeemed its shares of applicant and applicant distributed to its shareholder applicant's assets in kind. The distribution had a net asset value of \$18,779,858. No redemption fee or sales charge was imposed in connection with the transaction. Applicant transferred all of its remaining assets and liabilities to the Fund.

4. In connection with its liquidation, applicant incurred minimal expenses, consisting of accounting, administrative, and legal expenses, all of which were paid by IDS Life Insurance Company of New York and IDS Life Insurance Company. At the time of its liquidation, applicant had amortized all but approximately \$46,155 of its organizational expenses. This amount was absorbed by Shearson Lehman Brothers Inc., applicant's sponsor.

5. As of the date of this application, applicant has no outstanding debts or liabilities. Applicant has no shareholders and is not a party to any litigation or administrative proceeding. Applicant is not presently engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

6. Applicant intends to file the appropriate notice of termination required to terminate its existence as a Massachusetts business trust.

<sup>1</sup> Applicant received an order under section 26(b) of the Act that approved the substitution of shares of the Fund for applicant's shares and under section 17(b) exempting applicant from section 17(a) for certain affiliated transactions between applicant and the Fund. See Investment Company Act Release Nos. 17892 (Nov. 30, 1990) (notice) and 17922 (Dec. 18, 1990) (order).

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

Margaret H. McFarland,

*Deputy Secretary.*

[FR Doc. 95-31237 Filed 12-22-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21608; No. 812-9658]

**Safeco Life Insurance Company et al.**

December 19, 1995.

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

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

**APPLICANTS:** Safeco Life Insurance Company ("Safeco"), Safeco Resource Variable Account B ("Account B"), Safeco Separate Account C ("Account C"), First Safeco National Life Insurance Company of New York ("First Safeco"), Safeco Resource Series Trust ("Trust"), Safeco Asset Management Company ("Asset Management").

**RELEVANT 1940 ACT SECTIONS:** Order requested under Section 6(c) of the 1940 Act for exemptions from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and Rules 6e-2(a)(2), 6e-2(b)(15), and 6e-3(T)(b)(15) thereunder.

**SUMMARY OF APPLICATION:** Applicants seek exemptive relief to the extent necessary to permit shares of the Trust and any other investment company that is offered to fund variable insurance products and for which Asset Management, or any of its affiliates, may serve as investment advisor, administrator, manager, principal underwriter, or sponsor to be sold to and held by the separate accounts ("Separate Accounts") funding variable annuity and variable life insurance contracts ("Variable Contracts") issued by Safeco, First Safeco, or any existing or future affiliated or unaffiliated life insurance company ("Participating Insurance Companies") or to existing or future qualified pension and retirement plans outside of the separate account context ("Qualified Plans" or "Plans"). In addition, Applicants seek exemptive relief to permit the assets of separate accounts of Safeco and First Safeco to be derived from the sale of scheduled premium variable life insurance contracts and flexible premium variable life insurance contracts.

**FILING DATE:** The application was filed on July 10, 1995, and was amended on November 20, 1995. Applicants have represented that they will file an amendment during the notice period to

make the representations contained herein.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the Commission orders a hearing. Interested person 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 January 15, 1996, 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 requester'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 SEC.

**ADDRESSES:** Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicants: Bibb L. Strench, Esq., Safeco Asset Management Company, Safeco Plaza, Seattle, Washington 98185.

**FOR FURTHER INFORMATION CONTACT:** Pamela K. Ellis, Senior Counsel, or Wendy Finck 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 SEC's Public Reference Branch.

**Applicants' Representations**

1. The Trust is a Delaware business trust registered under the 1940 Act as an open-end management investment company.

2. The Trust currently consists of five separate series, each series representing an interest in a separate investment portfolio ("Portfolios"). The Board of Trust may establish additional series of shares at any time, each with its own investment objective and policies.

3. Asset Management serves as investment adviser to each Portfolio of the Trust, and is registered with the Commission as an investment adviser under the Investment Advisers Act of 1940. Asset Management is a Washington corporation and a wholly-owned subsidiary of Safeco.

4. Safeco, also a Washington corporation, is a holding company whose primary subsidiaries are engaged in the insurance and related financial services businesses. Safeco is a wholly-owned subsidiary of Safeco Corporation.

5. Account B and Account C are separate accounts of Safeco, and are

registered with the Commission as unit investment trusts under the 1940 Act.

6. First Safeco is a New York stock life insurance company and is a wholly-owned subsidiary of Safeco Corporation.

7. The Portfolios currently are sold to Account B and Account C as investment vehicles for variable annuity contracts issued by Safeco. Applicants propose that the Portfolios serve as investment vehicles for various types of Variable Contracts. Portfolio shares will be offered to Separate Accounts of Participating Insurance Companies, including Safeco and First Safeco, which enter into participation agreements with the Trust. In addition, Applicants propose that the Trust offer and sell shares in its Portfolios directly to Qualified Plans.

8. Applicants state that each Participating Insurance Company will have the legal obligation of satisfying all applicable requirements under state law and the federal securities laws in connection with any Variable Contract issued by such company. Applicants further state that the role of the Trust under this arrangement will consist of offering its shares to the Separate Accounts and fulfilling any conditions the Commission may impose upon granting the order requested in the application.

9. In addition, Applicants state that the Trust desires to avail itself of the opportunity to increase its asset base through the sale of its shares to Qualified Plans, consistent with applicable tax law. The Qualified Plans may choose any of the Portfolios as the sole investment option under the Qualified Plan or as one of several investment options. Qualified Plan participants may or may not be given an investment choice among available alternatives depending on the Qualified Plan itself. Shares of any Portfolio sold to such Qualified Plans would be held by the trustee(s) of such Qualified Plan as mandated by Section 403(a) of the Employee Retirement Income Security Act ("ERISA"). Asset Manager will not act as investment adviser to any of the Qualified Plans that will purchase shares of the Trust.

**Applicants' Legal Analysis**

1. Applicants request that the Commission issue an order under Section 6(c) of the 1940 Act exempting them from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) to the extent necessary to permit mixed and shared funding, as defined below. In addition, Applicants seek exemption from Rule 6e-2(a)(2) to the extent necessary to permit the assets of the separate