Accordingly, Participating Insurance Companies will vote shares of the Funds held in their separate accounts in a manner consistent with voting instructions timely received from Contract owners. In addition, each Participating Insurance Company will vote shares of the Fund held in its separate accounts for which it has not received timely voting instructions as well as shares of the Funds which the Participating Insurance Company itself owns, in the same proportion as those shares for which voting instructions from Contract owners are timely received. Participating Insurance Companies will be responsible for assuring that each of their separate accounts investing in each Fund calculates voting privileges in a manner consistent with other Participating Insurance Companies investing in that Fund. The obligation to calculate voting privileges in a manner consistent with all other separate accounts investing in each Fund will be a contractual obligation of all Participating Insurance Companies under the agreements governing their participation in that Fund.

8. Each Plan will vote as required by applicable law and governing Plan documents.

9. All reports of potential or existing conflicts received by a Board, and all Board actions with regard to: (a) determining the existence of a conflict; (b) notifying Participants of a conflict; and (c) determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the meetings of the Board or other appropriate records. Such minutes or other records shall be made available to the Commission upon request.

10. Each Fund will notify all Participants in that Fund that disclosure in separate account prospectuses regarding potential risks of mixed and shared funding may be appropriate. Each Fund shall disclose in its prospectus that: (a) the Fund is intended to be a funding vehicle for variable annuity and variable life insurance contracts offered by various insurance companies and for qualified pension and retirement plans; (b) because of differences of tax treatment and other considerations, the interests of various Contract owners participating in the Fund and the interests of Plans investing in the Fund may conflict; and (c) the Board will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken.

11. Each Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, shall be the persons having a voting interest in the shares of the Fund). In particular, each Fund either will provide for annual meetings (except to the extent that the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act (although the Funds are not one of the trusts described in Section 16(c)), as well as Section 16(a) of the 1940 Act and, if applicable, Section 16(b) of the 1940 Act. Further, each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

12. If and to the extent that Rules 6e–2, 6e–3(T) under the 1940 Act are amended, or if Rule 6e–3 under the 1940 Act is adopted, to provide exemptive relief from any provision of the 1940 Act, or the rules thereunder, with respect to mixed or shared funding on terms and conditions materially different from any exemptions granted in the order requested by Applicants, then the Funds and/or Participating Insurance Companies, as appropriate, shall take such steps as may be necessary to comply with Rules 6e–2 and 6e–3(T), as amended, or Rule 6e–3, as adopted, to the extent applicable.

13. The Participants no less than annually, shall submit to the Board such reports, materials or data as the Board may reasonably request so that the Board may carry out fully the obligations imposed upon it by the conditions contained in the Application. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Board. The obligations of the Participants to provide these reports, materials and data to the Board when it so reasonably requests, shall be a contractual obligation of all Participants under the agreements governing their participation in the Fund.

14. If a Plan should become a holder of 10% or more of the assets of a Fund, such Plan will execute a participation agreement with the Fund which will include the conditions set forth herein, to the extent applicable. A Plan will execute an application containing an acknowledgment of this condition at the time of its initial purchase of shares of any Fund.

Conclusion

For the reasons summarized above, Applicants assert that the requested exemptions are 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. 99–3320 Filed 2–10–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26974]

Filings Under the Public Utility Holding Company Act of 1935, as Amended (''Act'')

February 5, 1999.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the applications(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by March 1, 1999, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarants(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After March 1, 1999, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Roanoke Gas Company, et al. (70–9391)

Roanoke Gas Company (''Roanoke Gas''), an exempt Virginia gas public utility holding company,[1] and its wholly owned nonutility subsidiary

[1] Roanoke Gas claims exemption from regulation under section 3(a) in accordance with rule 2 under the Act.

company, RGC Resources, Inc. (''Resources'') (together, ''Applicants''), both located at 519 Kimball Avenue, N.E., Roanoke, Virginia 24016, have filed an application under sections 9(a)(2) and 10 of the Act.

Roanoke Gas, itself a gas public utility company, is engaged in the retail distribution and sale of natural gas serving approximately 53,625 customers in the State of Virginia. It has one direct utility subsidiary, Bluefield Gas Company (''Bluefield''), which provides natural gas service to approximately 4,100 customers located in and around Bluefield, West Virginia. Bluefield has one gas utility subsidiary, Commonwealth Public Service Corporation (''Commonwealth''), which serves approximately 925 customers in and around Bluefield, Virginia.[2]

Resources proposes to acquire all of the outstanding shares of common stock of Roanoke Gas, Bluefield and Commonwealth. Following the consummation of the proposed transactions, Resources states that it will file under rule 2 of the Act for an exemption under section 3(a)(1) of the Act from regulation under all of the Act's provisions, except section 9(a)(2).

Under an agreement and plan of merger and reorganization to be entered into between Roanoke Gas and Resources (''Plan''), Roanoke Gas would become a subsidiary of Resources by merging with an acquisition subsidiary of Resources (''Acquisition'') and converting Acquisition's common stock into Roanoke Gas common stock. The outstanding shares of Roanoke Gas common stock would then be converted, on a share-for-share basis, into the right to receive shares of Resources common stock, $5.00 par value, on the effective date of the merger. Bluefield would transfer all of the common stock of Commonwealth to Roanoke Gas in the form of a noncash dividend. Commonwealth then will be merged into Roanoke Gas. Finally, Roanoke Gas would transfer all of the common stock of Bluefield to Resources in the form of a noncash dividend.

In addition to its utility subsidiaries, Roanoke Gas also owns Diversified Energy Company (''Diversified''), a nonutility subsidiary company that distributes propane gas and related products and markets natural gas to large industrial customers. Under the Plan, Roanoke Gas would transfer all of the common stock of Diversified to Resources in the form of a noncash dividend. After the merger and reorganization are consummated, Resources will directly own Roanoke Gas, Bluefield and Diversified.

The Plan requires the approval of the Roanoke Gas shareholders at the annual meeting of shareholders on February 8, 1999. In addition, the plan is subject to the approval of the Virginia State Corporation Commission and the Public Service Commission of West Virginia.

Applicants assert that once the Plan is implemented, Resources will be a public utility holding company entitled to an exemption under section 3(a)(1) of the Act, because Roanoke Gas will be predominantly intrastate in character and will carry on its business substantially in the state of Virginia. The Applicants claim that Roanoke Gas will be the only utility subsidiary from which Resources derives a material part of its income. In this regard, the Applicants state that for the annual period ended September 30, 1998 Bluefield provided 8.4% of Roanoke Gas' operating revenues and 4.3% of its net income.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–3404 Filed 2–10–99; 8:45 am]

BILLING CODE 8010–01–M

[2] Bluefield claims exemption from regulation under section 3(a) in accordance with rule 2 under the Act.

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23683; 812–11432]

Salomon Smith Barney Inc.; Notice of Application

February 5, 1999.

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

ACTION: Notice of application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 12(d)(1) of the Act, under section 6(c) of the Act for an exemption from section 14(a) of the Act, and under section 17(b) of the Act for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicant, Salomon Smith Barney Inc. (''Salomon Smith Barney''), requests an order to amend a prior order that exempts all existing DECS Trusts and future trusts that are substantially similar and for which Salomon Smith Barney Inc. (''Salomon Brothers'') serves as principal underwriter (''Salomon-Sponsored Trusts'') from certain provisions of sections 12(d)(1), 14(a) and 17(a) of the Act (''Prior Order''),[1] which is limited by its terms to Salomon Brothers and to Salomon-Sponsored Trusts. Applicant requests an amendment to extend the relief granted in the Prior Order to Salomon Smith Barney, a successor entity resulting from the merger of Smith Barney Inc. (''Smith Barney'') and Salomon Brothers, and any DECS Trust or other substantially similar trust for which Smith Barney (''Smith Barney-Sponsored Trusts'') or Salomon Smith Barney (''SSB-Sponsored Trusts'') has served or will serve as principal underwriter.[2]

FILING DATE: The application was filed on January 28, 1998. Applicant has agreed to file an amendment during the notice period, the substance of which is reflected in the notice.

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 March 1, 1999, and should be accompanied by proof of service on 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, New York 10013.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Staff Attorney, at (202) 942–0634, or Mary Kay Frech, Branch Chief, at (202) 942–0546 (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, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942–8090).

Applicant's Representations

1. Salomon Smith Barney is a securities broker-dealer registered under

[1] *Salomon Brothers Inc.*, Investment Company Act Release Nos. 22837 (Sep. 30, 1997) (notice) and 22862 (Oct. 21, 1997) (order).

[2] Smith Barney, Salomon Smith Barney, Smith Barney-Sponsored Trusts and SSB-Sponsored Trusts have relied on the Prior Order since March 3, 1998. *See* Salomon Brothers Inc. and Smith Barney Inc. (*pub. avail.* Mar. 3, 1998).