

controlled by, or under common control with the other person. Applicants state that, because the Funds share a common investment adviser, each Fund may be deemed to be under common control with each of the other Funds, and thus an affiliated person of each of the other Funds. As a result, section 17(a) would prohibit the sale of the shares of the Money Market Funds to the Investing Funds, and the redemption of the shares by the Money Market Funds.

5. Section 17(b) of the Act authorizes the SEC to exempt a transaction from section 17(a) if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, the proposed transaction is consistent with the policy of each investment company concerned, and the proposed transaction is consistent with the general purposes of the Act. Section 6(c) of the Act permits the SEC to exempt persons or transactions from any provision of the Act if 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 Act.

6. Applicants submit that their request for relief to permit the purchase and redemption of shares of the Money Market Funds by the Investing Funds satisfies the standards in sections 6(c) and 17(b). Applicants note that shares of the Money Market Funds will be purchased and redeemed at their net asset value, the same consideration paid and received for these shares by any other shareholder. Applicants state that the Investing Funds will retain their ability to invest Cash Balances directly in money market instruments as authorized by their respective investment objectives and policies if they believe they can obtain a higher rate of return, or for any other reason. The Money Market Funds have the right to discontinue selling shares to any of the Investing Funds if the Money Market Fund's Board determines that such sale would adversely affect its portfolio management and operations.

7. Section 17(d) of the Act and rule 17d-1 under the Act prohibit an affiliated person of an investment company, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates. Applicants state that the Funds, by participating in the proposed transactions, and AIM, by managing the proposed transactions, could be deemed

to be participating in a joint arrangement within the meaning of section 17(d) and rule 17d-1.

8. Rule 17d-1 permits the SEC to approve a joint transaction covered by the terms of section 17(d). In determining whether to approve a transaction, the SEC considers whether the investment company's participation in the joint enterprise is consistent with the provisions, policies, and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants. Applicants submit that the Funds will participate in the proposed transactions on the same basis and will be indistinguishable from any other shareholder account maintained by the same class of the Money Market Funds and that the transactions will be consistent with the Act.

#### Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Shares of the Money Market Funds sold to and redeemed by the Investing Funds will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b-1 under the Act or service fee (as defined in rule 2830(b)(9) of the NASD's Conduct Rules) or if such shares are subject to any such fee, AIM will waive its advisory fee for each Investing Fund in an amount that offsets the amount of such fee incurred by the Investing Fund.

2. Prior to reliance on the order, an Investing Fund will hold a meeting of the Board for the purpose of voting on the advisory contract under section 15 of the Act. Before approving any advisory contract for an Investing Fund, the Board, including a majority of the Disinterested Directors, taking into account all relevant factors, shall consider to what extent, if any, the advisory fees charged to the Investing Fund by AIM should be reduced to account for reduced services provided to the Fund by AIM as a result of the Uninvested Cash being invested in the Money Market Fund. In connection with this consideration, AIM will provide the Board with specific information regarding the approximate cost to AIM of, or portion of the advisory fee under the existing advisory contract attributable to, managing the Uninvested Cash of the Investing Fund that can be expected to be invested in the Money Market Fund. The minute books of the Investing Fund will record fully the Board's considerations in approving the advisory contract, including the consideration relating to fees referred to above.

3. Each Investing Fund will invest Uninvested Cash in, and hold shares of, the Money Market Funds only to the extent that the Investing Funds' aggregate investment in the Money Market Funds does not exceed 25 percent of the Investing Fund's total assets. For purposes of this limitation, each Investing Fund will be treated as a separate investment company.

4. Investment of Cash Balances in shares of the Money Market Funds will be in accordance with each Investing Fund's respective investment restrictions, if any, and will be consistent with each Investing Fund's policies as set forth in its prospectuses and statements of additional information.

5. Each Investing Fund, each Money Market Fund, and any future fund that may rely on the order shall be advised or, provided AIM manages Cash Balances, subadvised by AIM, or a person controlling, controlled by, or under common control with AIM.

6. No Money Market Fund whose shares are acquired by an Investing Fund shall acquire securities of any investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

7. Before a Fund may participate in the Securities Lending Program, a majority of the Board, including a majority of the Disinterested Directors, will approve the Fund's participation in the Securities Lending Program. Such directors/trustees also will evaluate the securities lending arrangement and its results no less frequently than annually and determine that any investment of Cash Collateral in the Money Market Funds is in the best interest of the shareholders of the Fund.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-12815 Filed 5-20-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23842; File No. 812-11450]

### Anchor National Life Insurance Company; et al.; Notice of Application

May 14, 1999.

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

**ACTION:** Notice of Application for an order pursuant to Section 26(b) and Section 17(b) of the Investment Company Act of 1940 ("1940 Act").

**Summary of Application:** Applicants seek an order approving the substitution of: (a) Shares of the Government and Quality Bond Portfolio ("Government and Quality Bond Portfolio") of the Anchor Series Trust (the "Trust") for shares of the Fixed Income Portfolio ("Fixed Income Portfolio") of the Trust; and (b) shares of the Strategic Multi-Asset Portfolio ("Strategic Multi-Asset Portfolio") of the Trust for shares of the Foreign Securities Portfolio ("Foreign Securities Portfolio") of the Trust, each held by Variable Annuity Account One of Anchor National Life Insurance Company, Variable Annuity Account One of First SunAmerica Life Insurance Company and Presidential Variable Account One, (collectively the "Variable Accounts") as underlying investment vehicles for certain variable annuity contracts (the "Contract") offered by the Variable Accounts (the "Substitutions"). Applicants also seek an order exempting them from Section 17(a) of the 1940 Act to the extent necessary: (a) To permit certain in-kind transactions in connection with the Substitutions; and (b) as part of the Substitutions, to permit divisions of the Variable Accounts holding the same securities to be combined.

**Applicants:** Anchor National Life Insurance Company ("Anchor National"), First SunAmerica Life Insurance Company ("First SunAmerica"), Presidential Life Insurance Company ("Presidential" together with Anchor National and First SunAmerica, the "Life Companies"), Variable Annuity Account One of Anchor National ("AN Account"), Variable Annuity Account One of First SunAmerica ("FS Account"), Presidential Variable Account One ("Presidential Account"), and Anchor Series Trust.

**Filing Date:** The Application was filed on January 5, 1999, and amended on April 30, 1999.

**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 Commission's Secretary 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 June 8, 1999, and must 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 who wish to be notified of a hearing may

request notification by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Applicants Anchor National, AN Account, First SunAmerica, FS Account, and Trust c/o Robert M. Zakem, Esq., SunAmerica Asset Management Corporation, The SunAmerica Center, 733 Third Avenue, New York, New York 10017-3204; and Applicant Presidential and Presidential Account, c/o Charles Snyder, Presidential Life Insurance Company, 69 Lydecker Street, Nyack, New York 10906. Copies to Joan E. Boros, Esq., Jordan Burt Boros Cicchetti Berenson & Johnson, 1025 Thomas Jefferson Street, N.W., East Lobby, Suite 400, Washington, D.C. 20007.

**FOR FURTHER INFORMATION CONTACT:** Joyce Merrick Pickholz, Senior Counsel, or Kevin M. Kirchoff, Branch Chief, 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 SEC's Public Reference Branch, 450 Fifth Street N.W., Washington, DC 20549-0102 [tel. (202) 942-8090]

#### Applicants' Representations

1. Anchor National is a stock life insurance company organized under the insurance laws of the State of California in April 1965 and redomesticated under the laws of the state of Arizona on January 1, 1996. Anchor National is an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG"). Anchor National is authorized to sell annuities and life insurance in the District of Columbia and all states except New York.

2. First SunAmerica is a stock life insurance company organized under the insurance laws of the state of New York on December 5, 1978. First SunAmerica is a wholly-owned subsidiary of AIG. First SunAmerica is authorized to sell annuities and life insurance business in the states of New York, New Mexico, and Nebraska.

3. Presidential is a stock life insurance company organized under the laws of the state of New York in 1965. Presidential is a wholly-owned subsidiary of Presidential Life Corporation, a publicly-owned holding company. Presidential offers life insurance and annuities and is admitted to do business in forty-eight states and the District of Columbia.

4. The Variable Accounts are segregated investment accounts registered under the 1940 Act as unit investment trusts. Each Variable Account is divided into divisions that correspond to the portfolios of the Trust. Each Variable Account is used to fund certain variable annuity contracts issued by the corresponding Life Company.

5. The Trust is a series type open-end management investment company, organized as a Massachusetts business trust on August 26, 1983. The Trust consists of eleven series ("Portfolios"). Shares of the Portfolios are currently available to the public only through the purchase of certain variable annuity contracts issued by the Life Companies. SunAmerica Asset Management Company ("SAAMCo") acts as the Trust's investment adviser. Wellington Management Company, LLP serves as sub-adviser for all the Portfolios of the Trust. SAAMCo is under common control with and therefore affiliated with Anchor National and First SunAmerica. SAAMCo is not affiliated with Presidential.

6. The Life Companies have decided to discontinue offering divisions investing in the Fixed Income Portfolio and the Foreign Securities Portfolio (the "Replaced Portfolios") as investment options under the Contracts and substitute shares of the Government and Quality Bond Portfolio and the Strategic Multi-Asset Portfolio (the "Substituted Portfolios") because the Replaced Portfolio have not retained sufficient Contract owner interest and are dwindling in size. Moreover, the small size of the Replaced Portfolio makes it difficult to manage the assets so as to maximize performance.

7. The investment objective of the Fixed Income Portfolio is to obtain a high level of current income consistent with preservation of capital. The Government and Quality Bond Portfolio seeks relatively high current income, liquidity and security of principal. Both Portfolios invest primarily in fixed income securities. The primary differences are that the Government and Quality Bond Portfolio invests a higher percentage of its assets in government securities as compared to the Fixed Income Portfolio; the Government and Quality Bond Portfolio has higher credit rating requirements for its non-government fixed income portfolio securities, and the Fixed Income Portfolio may (but is not required to) invest up to 20% of its assets in convertible debt securities, warrants, non-investment grade debt securities and dividend paying marketable common stock. The Life Companies do not believe that any of these differences

are significant, partly because notwithstanding its somewhat more restrictive investment practices and guidelines, the Government and Quality Bond Portfolio generally has outperformed the Fixed income portfolio.

8. The Foreign Securities Portfolio has as its investment objective long-term capital appreciation through investment in a diversified portfolio of primarily equity securities issued by foreign companies and primarily denominated in foreign currencies. The investment objective of the Strategic Multi-Asset Portfolio is to achieve high long-term total investment return by actively allocating its assets among sub-portfolios consisting of a Global Core

Equity Sub-Portfolio, a Global Core Bond Sub-Portfolio, a Capital Appreciation Sub-Portfolio and a Money Market Sub-Portfolio. Although the Strategic Multi-Asset Portfolio can invest in a wider range of asset classes than can the Foreign Securities Portfolio, the investment objectives of the two Portfolios are similar, and the Life Companies believe that the Strategic Multi Asset Portfolio is an appropriate replacement for the Foreign Securities Portfolio.

9. The Government and Quality Bond Portfolio has a lower expense ratio (.7%) than the Fixed Income Portfolio (1.0%). While the Foreign Securities Portfolio and the Strategic Multi-Asset Portfolio currently have equivalent expense ratios

of 1.4%, the Life Companies believe the addition of assets resulting from the substitutions may reduce the expense ratio of the Strategic Multi-Asset Portfolio whereas the expense ratio of the Foreign Securities Portfolio has risen from 1.2% to 1.5% of average net assets since 1994.

10. As of June 30, 1998, total net assets of the Government and Quality Bond Portfolio were \$272.1 million; \$17.5 million for the Fixed Income Portfolios; \$53.9 million for the Strategic Multi-Asset Portfolio and \$35.5 million for the Foreign Securities Portfolio.

11. Total Returns for the Portfolios were as follows:

[In percent]

	1994	1995	1996	1997	1998
Fixed Income Portfolio .....	(3.2)	19.2	2.4	9.4	8.0
Government and Quality Bond Portfolio .....	(3.1)	19.4	2.9	9.5	9.2
Foreign Securities Portfolio .....	(3.2)	12.6	11.5	(1.0)	10.7
Strategic Multi-Asset Portfolio .....	(2.6)	22.8	14.8	14.3	15.2

12. The Life Companies have determined that the Substituted Portfolios are appropriate replacements for the Replaced Portfolios, because: (a) the Government and Quality Bond Portfolio has a similar investment objective to the Fixed Income Portfolio, invests in the same types of securities, *i.e.*, fixed income securities, and has generally better performance and lower expenses; and (b) the Strategic Multi-Asset Portfolio has a similar investment objective to the Foreign Securities Portfolio, generally invests a significant portion of its assets in foreign securities, has generally better performance, and has a similar expense ratio, which may decline as a result of the additional assets resulting from the Substitutions. Accordingly, each Life Company proposes substituting (a) shares of the Government and Quality Bond Portfolio for shares of the Fixed Income Portfolio; and (b) shares of the Strategic Multi-Asset Portfolio for shares of the Foreign Securities Portfolio.

13. Each of the Life Companies will redeem for cash or in kind all of the shares of each Replaced Fund that it currently holds on behalf of its applicable Variable Account at the close of business on the date selected for the Substitutions. It is anticipated that the redemptions will be partly or wholly in-kind, and thus purchases of the applicable Substitute Portfolios will be paid for partly or wholly with portfolio securities.

14. Each Life Company, on behalf of its Variable Account, will simultaneously place a redemption request with each Replaced Portfolio and a purchase order with the corresponding Substituted Portfolio so that each purchase will be for the exact amount of the redemption proceeds. As a result, at all times, monies attributable to Contract owners ("Owners") then invested in the Replaced Funds will remain fully invested and will result in no change in the amount of any Owner's contract value or investment in the applicable Variable Account.

15. The Trust will effect the redemptions-in-kind and the transfers of portfolio securities in a manner that is consistent with the investment objectives, policies and restrictions, and federal tax law and 1940 Act diversification requirements applicable to the Substituted Portfolio. The Life Companies each will take appropriate steps to assure that the portfolio securities selected for redemptions-in-kind are suitable investments for the Substituted Portfolios. In effecting the redemptions-in-kind and transfers, the Trust will comply with the requirements of Rule 17a-7 under the 1940 Act to the extent possible and the procedures established thereunder by the Board of Trustees of the Trust.

16. The full net asset value of the redeemed shares held by the Variable Accounts will be reflected in the Owners' accumulation unit or annuity unit values following the Substitution.

The Life Companies will assume all transaction costs and expenses relating to the Substitution, including any direct or indirect costs of liquidating the assets of the Replaced Portfolios, so that the full net asset value of redeemed shares of the Replaced Portfolios held by the Variable Accounts will be reflected in the Owners' accumulation unit or annuity unit values following the Substitution.

17. The Trust's investment adviser and subadviser have been fully advised of the terms of the Substitutions. Applicants anticipate that the investment adviser and subadviser, to the extent appropriate, will conduct the trading of portfolio securities in a manner that provides for the anticipated redemptions of shares held by the Variable Accounts.

18. As part of the Substitutions, each Life Company will combine the divisions invested in the Replaced Portfolios with the divisions that currently invest in the corresponding Substituted Portfolios.

19. Each Life Company will supplement the prospectus for its applicable Variable Account to reflect the proposed Substitutions. Within five days after the Substitutions, the Life Companies will send to their respective Owners written notice of the Substitutions (the "Notice") identifying the shares of the shares of the Replaced Portfolios which have been eliminated and the shares of the Substituted Portfolios which have been substituted.

Owners will already have received a copy of the Trust's current prospectus, which includes a description of the Substituted Portfolios.

20. Owners will be advised in the Notice that, for a period of thirty-one days from the mailing of the Notice, Owners may transfer all assets, as substituted, to any other available division without limitation or charge and without any such transfer counting as one of the limited number of transfers permitted in a contract year free of charge (the "Free Transfer Period").

#### Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides, in pertinent part, that it shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution. The purpose of Section 26(b) is both to protect the expectation of investors in a unit investment trust that the unit investment trust will accumulate the shares of a particular issuer and to prevent unscrutinized substitutions which might, in effect, force shareholders dissatisfied with a substituted security to redeem their shares, thereby incurring either a loss of the sales load deducted from initial purchase payments, an additional sales load upon reinvestment of the redemption proceeds, or both. Section 26(b) affords this protection to investors by preventing a depositor or trustee of a unit investment trust holding the shares of one issuer from substituting for those shares the shares of another issuer, unless the Commission approves that substitution.

2. Applicants represent that the purposes, terms and conditions of the Substitutions are consistent with the principles and purposes of Section 26(b) and do not entail any of the abuses it is designed to prevent. Applicants submit that the Substitutions are an appropriate solution to the insufficient size of the Replaced Portfolios, which makes it difficult to achieve consistent investment performance and to reduce operating expenses. Applicants assert that the Substitutions will solve these problems in a manner that is in the Owners' best interests because: (a) the Government and Quality Bond has a similar investment objective to the Fixed Income Portfolio, invests in the same types of securities, *i.e.*, fixed income securities, and has generally better performance and lower expenses; and (b) the Strategic Multi-Asset Portfolio has a similar investment objective to the Foreign Securities

Portfolio, invests a portion of its assets in foreign equity securities, has generally better performance, and has a similar expense ratio, which may decline as a result of the additional assets resulting from the Substitutions.

3. Applicants represent that the Substitution will not result in the type of costly forced redemption that Section 26(b) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act for the following reasons:

(a) the Substitute Portfolios will continue to fulfill the Owners' objectives and risk expectations, because the Government and Quality Bond Portfolio has investment objectives, policies, and restrictions substantially similar to the objectives, policies and restrictions of the Fixed Income Portfolio and, of the Trust's Portfolios, the Strategic Multi-Asset Portfolio has investment objectives, policies and restrictions most similar to those of the Foreign Securities Portfolio;

(b) during the Free Transfer Period, an Owner may request that assets be reallocated to another division selected by the Owner, and Applicants represent that the Free Transfer Period provides sufficient time for Owners to consider their reinvestment options;

(c) the Substitution will, in all cases, be at the net asset value of the respective shares, without the imposition of any transfer or similar charge;

(d) the Life Companies have undertaken to assume the expenses, including, but not limited to, legal and accounting fees and any brokerage commissions, in connection with the Substitutions and are effecting the redemption of shares in a manner that attributes all transaction costs to the Life Companies;

(e) the Substitutions will in no way alter the contractual obligations of the Life Companies;

(f) the Substitutions in no way will alter the tax benefits to Owners; and

(g) the Substitutions are expected to confer certain economic benefits on Owners by virtue of the enhanced asset size and lower expenses, as stated above.

Applicants consent to be bound by the terms and conditions listed immediately above in this paragraph.

4. Applicants represent that they have determined that it is in the best interests of Owners to effect the Substitutions. Applicants have determined that the investment objective and related investments of the Government and Quality Bond Portfolio is substantially similar to those of the Fixed Income Portfolio, that the investment objectives and related investments of the Strategic Multi-Asset Portfolio, among all the Portfolios, are most similar to those of the Foreign Securities Portfolio, and that the proposed Substitutions are consistent with Commission precedent.

5. Applicants state that the Government and Quality Bond Portfolio has a lower expense ratio than the Fixed Income Portfolio. The expense ratio of the Foreign Securities Portfolio has risen from 1.2% to 1.5% of average net assets since 1994. While the Foreign Securities Portfolio and the Strategic Multi-Asset Portfolio currently have equivalent expense ratios, the Applicants believe the addition of assets resulting from the substitutions may reduce the expense ratio of the Strategic Multi-Asset Portfolio.

6. Applicants submit that the investment performance of the Substituted Portfolios are generally higher than the performance of the corresponding Replaced Portfolios. The total returns of the Government and Quality Bond Portfolio have been slightly higher than those of the Fixed Income Portfolio, while the total returns of the Strategic Multi-Asset Portfolio generally have been significantly higher than the total returns of the Foreign Securities Portfolio.

7. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or an affiliated person of such affiliated person, from selling any security or other property to such registered investment company. Section 17(a)(2) of the 1940 Act prohibits any of the persons described above from purchasing any security or other property from such registered investment company. Certain of the Substitutions will be effected partly or wholly in-kind. Moreover, after the Substitutions the Life Companies will combine their respective separate account divisions invested in the Replaced Portfolios with the divisions invested in the corresponding Substituted Portfolios. The combination may be deemed to involve the indirect purchase of shares of the Substituted Portfolios with portfolio securities of the corresponding Replaced Portfolios, and the indirect sale of securities of the Replaced Portfolios for shares of the Substituted Portfolios. Thus each Portfolio would be acting as principal, in the purchase and sale of securities to the other Portfolio, in contravention of Section 17(a). The Commission has taken the interpretive position that divisions of a registered separate account are to be treated as separate investment companies in connection with substitution transactions. The Life Companies are arguably transferring unit values between their separate account divisions. The transfer of unit values may involve purchase and sale transactions between divisions that are affiliated persons. The sale and

purchase transactions between divisions may come within the scope of Sections 17(a)(1) and 17(a)(2) of the 1940 Act, respectively. Therefore, the combination of divisions may require an exemption from Section 17(a) of the 1940 Act, pursuant to Section 17(b).

8. Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting transactions prohibited by Section 17(a) upon application if evidence establishes that: (1) the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the investment policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act; and (c) the proposed transaction is consistent with the general purposes of the 1940 Act. Applicants represent that the terms of the proposed transactions, as described in the Application are: reasonable and fair, including the consideration to be paid and received; do not involve overreaching; are consistent with the policies of the Portfolios; and are consistent with the general purposes of the 1940 Act.

9. Applicants represent that, for all the reasons stated above with regard to Section 26(b) of the 1940 Act, the Substitutions are reasonable and fair and do not involve overreaching on the part of any person. Applicants expect that existing and future Owners will benefit from the consolidation of assets in the Substituted Portfolios. Applicants state that the transactions effecting the Substitutions will be effected in conformity with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder. Moreover, Applicants state that the partial redemptions-in-kind of portfolio securities of certain of the Replaced Portfolios will be effected in conformity with Rule 17a-7 under the 1940 Act to the extent possible. Applicants submit that Owners' interests after the Substitution, in practical economic terms, will not differ in any measurable way from such interests immediately prior to the Substitution. In each case, Applicants assert that the consideration to be received and paid is, therefore, reasonable and fair. Applicants each believe, based on their review of existing federal income tax laws and regulations and advice of counsel, that the Substitutions will not give rise to any taxable income for Owners.

10. Applicants submit that the investment objectives of each of the Substituted Portfolios are sufficiently

similar to the investment objectives of the Replaced Portfolios that, in this regard, the Substitutions are consistent with Commission precedent pursuant to Section 17 of the 1940 Act. Also, the Substitutions are consistent with the general purposes of the 1940 Act, as enunciated in the Findings and Declaration of Policy in Section I of the 1940 Act. The proposed transactions do not present any of the issues or abuses that the 1940 Act is designed to prevent. Moreover, the proposed transactions will be effected in a manner consistent with the public interest and the protection of investors. Owners will be fully informed of the terms of the substitutions through prospectus supplements and the Notice, and will have an opportunity to reallocate investments prior to and following the Substitutions.

#### Conclusion

Applicants submit that, for the reasons summarized above, their requests meet the standards set out in Sections 17(b) and 26(b) of the 1940 Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-12816 Filed 5-20-99; 8:45 am]

BILLING CODE 8010-01-M

## SECURITIES AND EXCHANGE COMMISSION

[File No. 1-11667]

### Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (Armor Holdings, Inc., Common Stock, \$.01 Par Value)

May 14, 1999.

Armor Holdings, Inc. ("Company") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified security ("Security") from listing and registration on the American Stock Exchange LLC ("Amex" or "Exchange").

The reasons cited in the application for withdrawing the Security from listing and registration include the following:

The Security of the Company has been listed for trading on the Amex and, pursuant to a Registration Statement on Form 8-A which became effective on May 6, 1999, on the New York Stock Exchange, Inc. ("NYSE"). Trading of the

Company's Security on the NYSE commenced at the opening of business on May 7, 1999.

The Company has complied with Rule 18 of the Amex by filing with the Exchange a certified copy of preambles and resolutions adopted by the Company's Board of Directors authorizing the withdrawal of its Security from listing on the Amex and by setting forth in detail to the Exchange the reasons for the proposed withdrawal, and the facts in support thereof. In making the decision to withdraw its Security from listing on the Amex, the Company considered, among other things, the direct and indirect costs and the division of the market which might result from listing the Security simultaneously on the Amex and the NYSE. The Amex has informed the Company that it has no objection to the withdrawal of the Company's Security from listing on the Exchange.

The Company's application relates solely to the withdrawal from listing of the Company's Security from the Amex and shall have no effect upon the continued listing of the Security on the NYSE. By reason of Section 12(b) of the Act and the rules and regulations of the Commission thereunder, the Company shall continue to be obligated to file reports under Section 13 of the Act with the Commission and the NYSE.

Any interested person may, on or before June 4, 1999, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609, facts bearing upon whether the application has been made in accordance with the rules of the Exchange and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 99-12814 Filed 5-20-99; 8:45 am]

BILLING CODE 8010-01-M