

of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

Dated: March 6, 2001.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-6188 Filed 3-12-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24889; File No. 812-12372]

Allianz Life Insurance Company of North America, et al.

March 9, 2001.

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

ACTION: Notice of application for an order of approval under Section 26(b) and order of exemption under Sections 6(c) and 17(b) of the Investment Company Act of 1940 (the "1940 Act").

Applicants: Allianz Life Insurance Company of North America ("Allianz Life"), Allianz Life Variable Account A ("Allianz Account A"), Allianz Life Variable Account B ("Allianz Account B"), Preferred Life Insurance Company of New York ("Preferred Life") and Preferred Life Variable Account C ("Preferred Life Account C"). Allianz Life and Preferred Life are collectively referred to as "Insurance Company Applicants." Allianz Account A, Allianz Account B and Preferred Life Account C are collectively referred to as "Separate Account Applicants," and together with the Insurance Company Applicants are referred to as "Applicants."

SUMMARY OF THE APPLICATION: The Applicants request an order of approval to permit the substitution of shares of the Franklin Templeton Variable Insurance Products Trust's (the "Trust") Templeton Pacific Growth Securities Fund (the "Pacific Growth Fund" or the "Replaced Fund") with shares of the

Trust's Templeton International Securities Fund (the "International Fund" or the "Substituting Fund") and to permit certain in-kind redemptions and purchases of the portfolio securities of these funds and the combination of subaccounts in connection with the substitution.

Filing Date: Applicants filed an application on December 21, 2000. Applicants represent that they will file an amended and restated application during the notice period to conform to the representations set forth herein.

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 by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on March 28, 2001, 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 Fifth Street, NW., 20549-0609. Applicants, c/o Joan E. Boros, Jordan Burt Boros Cicchetti & Johnson, LLP, 1025 Thomas Jefferson Street, NW., Suite 400 East, Washington, DC 20007-0806, and c/o Lynn Stone, Blazzard, Grood & Hasenauer, P.C., 943 Post Road East, P.O. Box 5108, Westport, Connecticut 06881.

FOR FURTHER INFORMATION CONTACT: Harry Eisenstein, Senior Counsel, or Keith Carpenter, Branch Chief, Division of Investment Management, Office of Insurance Products, 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, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. Allianz Life was organized under the laws of the state of Minnesota in 1896. Allianz Life offers fixed and variable life insurance and annuities and group life, accident and health insurance. Allianz Life is licensed to do direct business in 49 states and the District of Columbia. Allianz Life is a wholly-owned subsidiary of Allianz Versicherungs AG Holding.

2. Preferred Life was organized under the laws of the state of New York. Preferred Life offers annuities and group life, group accident and health insurance and variable annuity products. Preferred Life is licensed to do business in six states, including New York and the District of Columbia. Preferred Life is a wholly-owned subsidiary of Allianz Life Insurance Company of North America, which is a wholly-owned subsidiary of Allianz Versicherungs AG Holding.

3. Allianz Account A is a segregated asset account of Allianz Life. Allianz Account A was established by Allianz Life on May 31, 1985, under Minnesota insurance laws. Allianz Account A is used to fund certain life insurance policies issued by Allianz Life. Allianz Account A is divided into several subaccounts, each of which invests in and reflects the investment performance of a specific underlying registered investment company or portfolio thereof. Allianz Account A is registered as a unit investment trust under the 1940 Act.

4. Allianz Account B is a segregated asset account of Allianz Life. Allianz Account B was established by Allianz Life on May 31, 1985, under Minnesota insurance laws. Allianz Account B is used to fund certain variable annuity contracts issued by Allianz Life. Allianz Account B is divided into several subaccounts, each of which invests in and reflects the investment performance of a specific underlying registered investment company or portfolio thereof. Allianz Account B is registered as a unit investment trust under the 1940 Act.

5. Preferred Life Account C is a segregated asset account of Preferred Life. Preferred Life Account C was established by Preferred Life on February 26, 1988 under New York insurance laws. Preferred Life Account C is used to fund certain variable annuity contracts issued by Preferred Life. Preferred Life Account C is divided into several subaccounts, each of which invests in and reflects the investment performance of a specific underlying registered investment company or portfolio thereof. Preferred Account C is registered as a unit investment trust under the 1940 Act.

6. The segregated asset accounts support certain variable annuity contracts and variable life policies (collectively, the "Contracts") issued by the Insurance Company Applicants. Under the Contracts, the Insurance Company Applicants reserved the right to substitute one of the variable investment options with another variable investment option after

appropriate notice. Moreover, the Insurance Company Applicants are entitled to limit further investment in a variable investment option if the respective Insurance Company Applicants deem the variable investment option inappropriate. Thus, the Contracts permit the Insurance Company Applicants to substitute the respective class of shares of the Replaced Fund with the corresponding class of shares of the Substituting Fund.

7. The Trust was organized as a Massachusetts business trust on April 26, 1988. The Trust includes a number of funds, including the Replaced fund and the Substituting Fund. Shares of the Replaced fund are sold to the Separate Account Applicants for the purpose of funding the Contracts. The Pacific Growth Fund is managed by Franklin Advisers, Inc. ("FAI") and Templeton Asset Management Ltd.—Hong Kong branch ("TAM Hong Kong") is the sub-adviser. Neither FAI nor TAM Kong is affiliated with the Applicants. Templeton investment Counsel, Inc. ("TIC") manages the International Fund. TIC is not affiliated with the Applicants. The Trust currently offers two classes of shares for the Pacific Growth Fund and the International Fund. The Class 1 shares and Class 2 shares represent proportionate interests in each fund's assets and are identical except that the Class 2 shares bear the expense of the Class 2 distribution plan. The Trust is registered as an open-end management investment company under the 1940 Act its shares are registered as securities under the Securities Act of 1933.

8. The Applicants have determined that due to the fact that the Replaced Fund (i) has diminished in size, apparently due to lack of interest, (ii) has had a negative performance history and higher expense ratios, and (iii) has been subject to excessive market timing, it would be best for the respective Insurance Company Applicants and the Owners to substitute the shares of the Replaced Fund with shares of another mutual fund or portfolio having similar objectives. Accordingly, Applicants request the Commission's approval to effect the substitution of the respective class of shares of the Replaced Fund with a corresponding class of shares of the Substituting Fund (the "Substitution").

9. For the Class 1 shares of the Pacific Growth Fund held on behalf of their respective Separate Account Applicants at the close of business on the date selected for the Substitution, the Insurance Company Applicants will redeem those shares for cash or in-kind. Simultaneously, the Insurance Company Applicants, on behalf of their respective

Separate Account Applicants, will place a purchase order for Class 1 shares of the International Fund so that each purchase will be for the exact amount of the redemption proceeds, which may be partly or wholly-in kind. The Insurance Company Applicants will act likewise, on behalf of their respective Separate Account Applicants with respect to the Class 2 shares of the Replaced and Substituting Funds. Accordingly, at all times monies attributable to Contract owners ("Owners") then invested in the Replaced Fund will remain fully invested and will result in no change in the amount of any Owner's contract value, death benefit or investment in the applicable Separate Account Applicant. Moreover, by substituting corresponding classes of shares of the Replaced and Substituting Funds, the Owners who were subject to a 12b-1 distribution plan will continue to be subject to such plan. Those Owners who were not subject to a 12b-1 distribution plan will not be subject to such plan after the Substitution.

10. In connection with the redemption of all shares of the Replaced Fund, it is anticipated that the replaced Fund will incur brokerage fees and expenses in connection with such redemption. To alleviate that potential impact, the redemption will be effected partly for cash and partly for portfolio securities redeemed "in-kind." The Trust has informed Applicants that it will cooperate with Applicants to effect the redemptions partly in-kind and in cash. In addition, Applicants will use the in-kind and cash redemption proceeds to purchase shares of the Substituting Fund. In effecting the in-kind redemptions and transfers, the Trust has informed the Applicants that it will comply with the requirements of Rule 17a-7 under the 1940 Act and the procedures established thereunder by the Board of Trustees of the Trust.

11. As noted above, the portfolio securities received from the in-kind redemption will be used together with the cash proceeds to purchase the shares of the Substituting Fund. The Applicants have determined that partially effecting the redemption of shares of the Replaced fund in-kind is appropriate, based on the similarity of certain types of the portfolio securities that may be held by the Replaced Fund and the Substituting Fund. The Trust has advised the Applicants that the valuation of any in-kind transactions will be made on a basis consistent with the normal valuation procedures of the Replaced fund and that of the Substituting Fund.

12. The full net asset value of the redeemed shares held by the Separate

Account Applicants will be reflected in the Owner's contract values following the Substitution. The Applicants represent that the Owners will not bear any expenses for the Substitution so that the full net asset value of redeemed shares of the Replaced fund held by the Separate Account Applicants will be reflected in the Owners' contract values following the Substitution.

13. The Trust is fully advised of the terms of the Substitution. Applicants anticipate that until the Substitution occurs, the Trust will conduct the trading of portfolio securities in accordance with the investment objectives and strategies stated in the Replaced Fund's prospectuses and in a manner that provides for the anticipated redemptions of shares held by the Separate Account Applicants.

14. Applicants have determined, based on advice of counsel familiar with insurance laws, that the Contracts allow the Substitution as described in the application, and that the transactions can be consummated as described therein under applicable insurance laws and under the Contracts. These contractual provisions have also been disclosed in the prospectus or statements of additional information relating to the Contracts. In addition, prior to effecting the Substitution, Applicants will have complied with any regulatory requirements they believe are necessary to complete the transactions in each jurisdiction where the Contracts are qualified for sale.

15. Owners will not directly or indirectly incur any expense, including brokerage expenses, as a result of the Substitution, and the rights or obligations of the Insurance Company Applicants under the applicable Contracts will not be altered in any way. The proposed Substitution will not have any adverse tax consequences to Owners. The proposed Substitution will not cause Contract fees and charges currently being paid by existing Owners to be greater after the proposed Substitution than before the proposed Substitution. The proposed Substitution will not be treated as transfers for the purpose of assessing transfer charges. The Insurance Company Applicants will not, with respect to shares substituted, exercise any right it may have under the Contracts to impose additional restrictions on transfers for a period of thirty-one days from the mailing of the a notice of the Substitution (the "Notice") to the Owners (the "Free Transfer Period"). In addition, such a transfer will not be counted as a transfer request under any contractual provisions of the Contracts that limit the

number of transfers that may be made without charge.

16. The Insurance Company Applicants have supplemented the prospectuses for the Contracts to reflect the Substitution. Within five days after the Substitution, the Insurance Company Applicants will send to Owners the Notice which will identify the shares of the Replaced Fund that have been eliminated and the shares of the Replaced Fund that have been eliminated and the shares of the Substituting Fund that have been substituted. The Insurance Company Applicants will include in such mailing the applicable prospectus supplement

for the Contracts of the Separate Account Applicants describing the Substitution. For those Contracts that already include the Substituting Fund as an underlying variable investment option, the Insurance Company Applicants do not intend to mail a copy of the prospectus for the substituting Fund to the Owners, because they already will have received a copy of those prospectuses in the ordinary course. For those Contracts that do not include the Substituting Fund, the applicable Insurance Company Applicants will have amended the applicable registration statement and will provide a copy of the prospectus

supplement of the Contract and the prospectus of the Substituting Fund with the notice. 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 subaccount without charge or limitation, and such transfers will not be counted toward any applicable limitation on transfers.

17. The annual operating expenses of the Replaced Fund and the Substituting Fund as of December 31, 2000 as a percentage of average daily net assets are as follows:

[In percent]

	Class 1 shares		Class 2 shares	
	Pacific growth fund	International fund	Pacific growth fund	International fund
Advisory and Fund Administrative Charges	1.00	.78	1.00	.78
Distribution Expenses00	.00	.25	.25
Other Expenses10	.09	.10	.09
Total Expenses	1.10	.87	1.31	1.12

18. As of December 31, 2000, the Replaced Fund and the Substituting Fund had the following net assets:

[In millions]

Class 1 shares		Class 2 shares	
Pacific growth fund	International fund	Pacific growth fund	International fund
\$50.0	\$776.5	\$3	\$187.1

19. Applicants represent that the Insurance Company Applicants do not, and will not for three years, receive any direct or indirect benefit from the Substituting Fund or its adviser (or the adviser's affiliates) that exceeds the amount it had received from the Replaced Fund, its adviser, and/or the adviser's affiliates, including 12b-1, shareholder service, administration or other service fees, revenue sharing or other arrangement, either with specific reference to the Substituting Fund or as part of an overall business arrangement.

Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides that "[i]t 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." Section 26(b) of the 1940 Act was enacted as part of the Investment Company Act Amendments

of 1970. Prior to the enactment of these amendments, a depositor of a unit investment trust could substitute new securities for those held by the trust by notifying the trust's security holders of the substitution within five (5) days after the substitution. In 1966, the Commission, concerned with the high sales charges then common to most unit investment trusts and the disadvantageous position in which such charges placed investors who did not want to remain invested in the substituted security, recommended that Section 26 be amended to require that a proposed substitution of the underlying investments of a trust receive prior Commission approval.

2. Applicants represent that the purposes, terms, and conditions of the Substitution are consistent with the principles and purposes of Section 26(b) and do not entail any of the abuses that Section 26(b) is designed to prevent. Owners will be assessed no charges whatsoever in connection with the Substitution and their annual fund expense ratios are expected to decrease. In addition, to the extent an Owner does not wish to participate in the Substitution, he or she will have thirty one days to transfer to any other option available under the relevant Contract prior to the Substitution and after the Substitution without any transfer fee. Moreover, as described below, Applicants assert that the Owners will be substituted into a Substituting Fund

whose investment objectives, policies and expenses are substantially similar or identical in all material respects to those of the Replaced Fund.

3. Applicants submit that the Substitution does not present the type of costly forced redemption or other harms 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 and assert the following in support of this contention:

(a) The Substitution will continue to fulfill Owners' objectives and risk expectations, because the investment objectives of the Pacific Growth Fund are substantially similar to those of the International fund;

(b) After receipt of the Notice informing an Owner of the Substitution, an Owner may request that his or her assets be reallocated to another subaccount at any time during the Free Transfer Period. The Free Transfer Period provides sufficient time for Owner to consider their reinvestment options;

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

(d) Neither the Owners, the Replaced Fund nor the Substituting Fund will bear any cost of the Substitution, and accordingly, the Substitution will have no impact on the Owners' Contract values;

(e) The Substitution will in no way alter the contractual obligations of the respective Insurance Company Applicants or the rights and privileges of Owners under the Contracts;

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

(g) The Substitution is expected to confer certain economic benefits on Owners by virtue of enhanced asset size and lower expenses, as described above.

4. Applicants contend that the Substituting Fund and the Replaced Fund share similar investment objectives. The Pacific Growth Fund and the International Fund seek to provide long-term capital growth. The Pacific Growth Fund pursues its objectives by investing primarily in common stocks of Pacific Rim companies and under normal conditions at least 65% of its total assets in equity securities that trade in Pacific Rim markets, including those in emerging markets. The International Fund pursues its objectives by investing at least 65% of its total assets in equity securities of companies located outside the U.S., including those in emerging markets. The manager for each of these funds employs the same investment philosophy of bottom-up, value-oriented, long-term selection of portfolio securities. Thus, both funds invest primarily in equity securities of companies located outside the U.S. and employ the same investment selection strategy. Moreover, Morningstar, Inc. classifies the Pacific Growth and International Funds as large capitalization stock funds.

5. Applicants assert that the primary difference between the Pacific Growth Fund and the International Fund is their concentration in a particular region. As of September 30, 2000, the International Fund invested approximately 57% in European issuers and approximately 21% in Asian issuers. As of September 30, 2000, the Pacific Growth Fund invested 65% in Asian issuers. The Applicants do not believe that these differences are significant, particularly because of the lack of interest in the Pacific Growth Fund, as shown in its smaller size, and the more concentrated regional focus of the Pacific Growth Fund is likely to be a factor in its lower performance. The Applicants also considered that Owners likely invest in the Pacific Growth Fund as a means to diversify their assets into foreign equity securities. The International Fund will also enable Owners to achieve this diversification goal. Accordingly, Applicants believe that the International Fund is a suitable replacement for Owners to continue their investment in foreign equity securities.

6. Applicants state that the Insurance Company Applicants have specifically determined that the Substituting Fund is an approximate investment vehicle for Owners who have allocated value to the Replaced Fund and that the Substitution will be consistent with Owners' investment objectives.

7. Applicants assert that the fees and expenses of the Substituting Fund have historically been less than those of the Replaced Fund and, accordingly, that the proposed Substitution poses no concerns in connection with the fees and expenses that will arise therefrom.

8. Applicants assert that the Substituting Fund has significantly more assets than the Replaced Fund. It is expected that the lower expense ratios should continue as a result of the significantly greater assets of the Substituting Fund.

9. Applicants state that the returns of the Substituting Fund have consistently been substantially higher than the returns of Replaced Fund. While there is no guarantee that past performance will continue, Applicants state that the Substitution is not expected to give rise to diminution in performance or other adverse effects on Contract values.

10. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or an affiliated person of an 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. Section 2(a)(3) of the 1940 Act defines the term "affiliated" person. The proposed Substitution will be effected in part through in-kind redemptions and purchases and may be deemed to entail the indirect purchase of shares of the related Substituting Fund with portfolio securities of the Replaced Fund, and the indirect sale of securities of the Replaced Fund for shares of the Substituting Fund.

11. In addition, the Insurance Company Applicants, as appropriate, will combine the subaccount investing in the Pacific Growth Fund and the continuing subaccount investing in the International Fund. Applicants state that the Insurance Company Applicants could be said to be transferring unit values between their respective subaccounts and that, the transfer of unit values could be said to involve purchase and sale transactions between subaccounts that are affiliated persons. Applicants further state that the sale and purchase transactions between subaccounts could be said to come

within the scope of Section 17(a)(1) and 17(a)(2) of the 1940 Act, respectively, and that the Substitution involving the combination of subaccounts may require an exemption from Section 17(a) of the 1940 Act, pursuant to Section 17(b) of the 1940 Act.

12. Section 17(b) of the 1940 Act provides that the commission may grant an Order exempting transactions prohibited by Section 17(a) of the 1940 Act upon application if evidence establishes that:

(a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve over-reaching 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.

The Applicants represent that the terms of the proposed transactions, as described in this Application, are: reasonable and fair, including the consideration to be paid and received; do not involve over-reaching; are consistent with the policies of the Replaced Fund of the Trust; and are consistent with the general purposes of the 1940 Act.

13. Applicants represent that for all the reasons stated above with regard to Section 26(b) of the 1940 Act, the Substitution is reasonable and fair. It is expected that existing and future Owners will benefit from the consolidations of assets in the Substituting Fund. The transactions effecting the Substitution will be effected in conformity with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder. Moreover, the partial in-kind redemptions of portfolio securities of the Replaced Fund will be effected in conformity with Rule 17a-7 under the 1940 Act and the procedures of the Trust established pursuant to Rule 17a-7. Applicants contend that the Owners' interests after the Substitution, in practical economic terms, will not differ in any measurable way from such interests immediately prior to the Substitution and that, in each case, the consideration to be received and paid is, therefore, reasonable and fair.

Applicants' Conclusions

Applicants submit, for all the reasons stated herein, that their requests meet the standards set out in Sections 6(c), 17(b) and 26(b) of the 1940 Act and that

an Order should, therefore, be granted. Accordingly, Applicants request an Order pursuant to Sections 6(c), 17(b) and 26(b) of the 1940 Act approving the substitution of shares of the Pacific Growth Fund with shares of the International Fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-6352 Filed 3-12-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24887; 813-290]

BMO Nesbitt Burns Corp.; Notice of Application

March 7, 2001.

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

ACTION: Notice of application for an order under sections 6(b) and 6(e) of the Investment Company Act of 1949 (the "Act") exempting applicant from all provisions of the Act, except section 9, section 17 (other than certain provisions of paragraphs (a), (d), (f), (g), and (j)), section 30 (except for certain provisions of paragraphs (a), (b), (e), and (h)), and sections 36 through 53, and the rules and regulations under the Act.

SUMMARY OF APPLICATION: Applicant requests an order to exempt certain limited partnerships or limited liability companies (each a "Partnership") formed for the benefit of key employees of BMO Nesbitt Burns Corp. ("BMO NB") and its affiliates from certain provisions of the Act. Each Partnership will be an "employees' securities company" within the meaning of section 2(a)(13) of the Act.

Applicant: BMO NB.

FILING DATES: The application was filed on August 18, 2000, and amended on February 12, 2001. Applicant has agreed to file an amendment during the notice period, the substance of which is reflected in this 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 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 April 2, 2001, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, D.C. 20549-0609. Applicant, Michael G. Zeiss, BMO Nesbitt Burns Corp., 430 Park Avenue, New York, NY 10022.

FOR FURTHER INFORMATION CONTACT: Maura S. McNulty, Senior Counsel, at (202) 942-0621, or May Kay Frech, 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 at the SEC's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. 202-942-8090).

Applicant's Representations

1. BMO NB, a Delaware corporation, is a full-service investment bank serving the financial needs of individual, institutional, corporate and government clients. BMO NB is an indirect subsidiary of the Bank of Montreal, Canada's oldest bank with over Cdn. \$200 billion in assets. BMO NB and its affiliates (as defined in rule 12b-2 of the Securities Exchange Act of 1934 (the "Exchange Act")) are referred to in this notice collectively as the "BMO NB Group."

2. Applicant proposes to establish Partnerships for the benefit of eligible current and former key employees, officers, directors, and persons on retainer of the BMO NB Group. The Partnerships would be part of a program designed to create investment opportunities that are competitive with those at other financial institutions and brokerage and investment banking firms for employees and to facilitate the recruitment of high caliber employees. Participation in a Partnership will be voluntary.

3. Each Partnership will be a limited partnership, or, alternatively, a limited liability company, business trust or other entity organized under the laws of Delaware or another state. The BMO NB Group also may form a parallel Partnership organized under the laws of Canada to create the same investment opportunities for its Canadian employees as would be available to its U.S. employees. The Partnerships will be operated in accordance with their respective limited partnership

agreements or other organizational documents (each, a "Partnership Agreement"). Each Partnership will be formed as an "employees' securities company" within the meaning of section 2(a)(13) of the Act, and will operate as a closed-end, management investment company which may be diversified or non-diversified.

4. Each Partnership will be managed, operated and controlled by its general partner, managing member of similar entity ("General Partner"). Each General Partner will be an entity within the BMO NB Group. The General Partner or another entity in the BMO NB Group will serve as investment adviser ("Investment Adviser") to the initial Partnership. The Investment Adviser will be (a) registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"), (b) exempt from Advisers Act registration requirements by virtue of section 203(b)(3) of the Advisers Act, or (c) excluded from the definition of investment adviser under the Advisers Act because it is a bank or a bank holding company (as defined in the Bank Holding Company Act of 1956). Any Investment Adviser of any future Partnership also will be an entity within the BMO NB Group.

5. With respect to some or all Partnerships, the Investment Adviser will be permitted to delegate certain of its responsibilities relating to the acquisition, management and disposition of Partnership investments to one or more sub-investment advisers, each of which will be an entity within the BMO NB Group ("Affiliated Subadviser") and registered under the Advisers Act if required under applicable law. If the Investment Adviser elects to enter into any side-by-side investment with an unaffiliated entity, the Investment Adviser will be permitted to engage as sub-investment adviser the unaffiliated entity ("Unaffiliated Subadviser" and, together with the Affiliated Subadviser, a "Subadviser") responsible for the management of such side-by-side investment.

6. Interests in the Partnerships ("Interests") will be offered without registration in reliance on section 4(2) of the Securities Act of 1933 ("Securities Act"), or Regulation D under the Securities Act, and will be sold only to (a) current and former key employees, officers, directors, and persons on retainer of the BMO NB Group ("Eligible Employees"), (b) qualified family members who are spouses, parents, children, spouses of children, brothers, sisters, and grandchildren of Eligible Employees ("Qualified Family