

interest in any Excess Credit allocated to a Contract within the first Contract Year is not vested. Rather, Equitable retains the right to, and interest in, the Excess Credit, although not any earnings attributable to the Excess Credit.

4. Applicants state that because a Contract owner's interest in any recapturable Excess Credit is not vested, the owner will not be deprived of a proportionate share of the applicable Account's assets, *i.e.*, a share of the applicable Account's assets proportionate to the Contract owner's annuity account value (taking into account the investment experience attributable to any Excess Credit). The amounts recaptured will never exceed the Credits (or any Excess Credit) provided by Equitable from its own general account assets, and Equitable will not recapture any gain attributable to the Credit (or any Excess Credit).

5. Furthermore, Applicants submit that permitting a Contract owner who withdraws contributions, or who fails to fulfill his or her Letter of Intent obligations to retain any Excess Credit, would be patently unfair and would deny the Applicants a reasonable measure of protection against "anti-selection." The risk here is that rather than investing contributions over a number of years, a Contract owner could make an initial contribution, receive Credits, then later, during the first Contract Year, withdraw monies (perhaps by taking advantage of the 15% free withdrawal feature), thereby enabling the Contract owner to retain Credit amounts that otherwise would not have been applied. Similarly, a Contract owner could execute a Letter of Intent with no intention of fulfilling it, in order to obtain higher Credit amounts. Like the recapture of Credits permitted by the Existing Order, the amounts recaptured will equal the Excess Credits provided by Equitable from its own general account assets, and any gain associated with the Credit will remain part of the Contract owner's Contract value.

6. For the foregoing reasons, Applicants submit that the provisions for recapture of any Credit or Excess Credit under the Contracts does not violate Section 2(a)(32), 22(c), and 27(i)(2)(A) of the Act, and Rule 22c-1 thereunder, and that the requested relief therefrom is consistent with the exemptive relief provided under the Existing Order.

7. Applicants submit that their request for an order that applies to the Accounts or any Future Account, in connection with the issuance of Contracts and Future Contracts that are substantially similar in all material

respects to the Contracts described herein and underwritten or distributed by AXA Advisors, LLC, Equitable Distributors, Inc., or Equitable Broker-Dealers, is appropriate in the public interest for the same reasons as those given in support of the Existing Order.

Conclusion

Applicants submit, based on the grounds summarized above, that their exemptive request meets the standards set out in Section 6(c) of the Act, namely, that the exemptions requested are 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, and that, therefore, the Commission should grant the requested order.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-11048 Filed 5-2-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-24964]

Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

April 27, 2001.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of April, 2001. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifty St., NW., Washington, DC 20549-0102 (tel. 202-942-8090). An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant 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 May 22, 2001, 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 who wish to be notified of a hearing may request notification by writing to the Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-

0609. For Further Information Contact: Diane L. Titus, at (202) 942-0564, SEC, Division of Investment Management, Office of Investment Company Regulation, 450 Fifth Street, NW., Washington, DC 20549-0506.

Firstmark Partners Contrarian Value Fund [File No. 811-9109]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On December 21, 2000, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of approximately \$3,800 incurred in connection with the liquidation were paid by applicant's investment adviser, Firststock Financial Services, Inc.

Filing Dates: The application was filed on March 7, 2001, and amended on April 18, 2001.

Applicant's Address: 5212 Underwood Ave., Omaha, NE 68132.

Circle Income Shares, Inc. [File No. 811-2378]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On January 22, 2001, applicant transferred its assets to One Group Mutual Funds based on net asset value. Expenses of \$123,169 were incurred in connection with the reorganization. Applicant and the acquiring fund each were responsible for their own reorganizational expenses. Bank One Investment Advisors Corporation, the acquiring fund's investment adviser, assumed the costs of certain expenses, including proxy solicitation and legal expenses.

Filing Date: The application was filed on April 6, 2001.

Applicant's Address: PO Box 77004, Indianapolis, IN 46277-7004.

Imperial Special Investments, Inc. [File No. 811-9919]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On March 26, 2001, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$16,600 incurred in connection with the liquidation were paid by applicant.

Filing Date: The application was filed on April 4, 2001.

Applicant's Address: 9920 S. La Cienega Blvd., Suite 636, Inglewood, CA 90301.

Bearguard Funds, Inc. [File No. 811-9291]

Summary: Applicant seeks an order declaring that it has ceased to be an

investment company. On April 2, 2001, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$8,500 incurred in connection with the liquidation were paid by applicant's investment adviser, Skye Investment Advisers LLC.

Filing Date: The application was filed on April 4, 2001.

Applicant's Address: 985 University Avenue, Suite 26, Los Gatos, CA 95032.

Kemper Bond Enhanced Securities Trust, Series 1 and Subsequent Series
[File No. 811-4382]

Summary: Applicant, a unit investment trust, seeks an order declaring that it has ceased to be an investment company. On September 8, 1999, applicant made a final liquidating distribution to its shareholders based on net asset value. Applicant incurred no expenses in connection with the liquidation.

Filing Date: The application was filed on March 30, 2001.

Applicant's Address: 250 North Rock Road, Suite 150, Wichita, KA 67206-224.

IGAM Group Funds
[File No. 811-9493]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On February 15, 2001, applicant made a liquidating distribution to its shareholders based on net asset value. Applicant incurred no expenses in connection with the liquidation.

Filing Date: The application was filed on March 27, 2001.

Applicant's Address: 24 Salt Pond Road, South Kingstown Office Park, Suite A5, Wakefield, RI 02879.

Income Opportunities Fund 2000, Inc.
[File No. 811-7240]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On December 27, 2000, applicant made a liquidating distribution to its shareholders based on net asset value. As of April 6, 2001, applicant still had 20 shareholders who have not redeemed their shares. The Bank of New York is holding any unclaimed funds, which will escheat to each shareholder's state of residence after the applicable holding period. Expenses of \$35,133 incurred in connection with the liquidation were paid by applicant.

Filing Dates: The application was filed on February 23, 2001, and amended on April 18, 2001,

Applicant's Address: Merrill Lynch Investment Managers, LLP, 800 Scudders Mill Road, Plainsboro, NJ 08536.

State Farm Balanced Fund, Inc.
[File No. 811-1520]

State Farm Interim Fund, Inc.
[File No. 811-2726]

State Farm Municipal Bond Fund, Inc.
[File No. 811-2727]

Summary: Each applicant seeks an order declaring that it has ceased to be an investment company. On April 1, 2001, each applicant transferred its assets to a corresponding series of State Farm Associates' Funds Trust based on net asset value. Expenses of \$66,928, \$7,878, and \$25,025, respectively, incurred in connection with the reorganizations were paid by each applicant.

Filing Dates: The applications were filed on April 6, 2001, and amended on April 25, 2001.

Applicant's Address: Three State Farm Plaza, Bloomington, IL 61710-0001.

Composite Deferred Series, Inc.
[File No. 811-4962]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On April 21, 2000, Applicant distributed all of its shares at net asset value to its sole shareholder in connection with Applicant's liquidation. Total expenses of approximately \$4,000.00 were incurred in connection with the liquidation and were paid by WM Advisors, Inc.

Filing Date: The application was filed on February 1, 2001.

Applicant's Address: John T. West, c/o WM Advisors, Inc., 1201 Third Avenue, Suite 1400, Seattle, WA 98101.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-44223; File No. SR-NASD-00-55]

Self-Regulatory Organizations; Order Approving and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 2 and 3 to the Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to the Delivery Requirement of a Margin Disclosure Statement to Non-Institutional Customers

April 26, 2001.

I. Introduction

On September 5, 2000, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its wholly owned subsidiary, NASD Regulation, Inc. ("NASD Regulation"), filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to require NASD member firms to deliver a margin disclosure statement to their non-institutional customers with margin accounts. On September 26, 2000, NASD Regulation submitted Amendment No. 1 to the proposed rule change.³ The proposed rule change and Amendment No. 1 were published for comment in the **Federal Register** on October 23, 2000.⁴ The Commission received eight comment letters with respect to the proposed rule change and Amendment No. 1.⁵ On March 28, 2001,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 clarified that if the equity in a customer's margin account falls below applicable requirements, an NASD member firm can force the sale of any of the securities in any of the customer's accounts held at the firm and such liquidations are not limited to the customer's margin account. Additionally, NASD Regulation deleted the phrase "under the law" from its original filing to clarify that maintenance margin requirements are requirements of self-regulatory organizations. See Letter from Alden S. Adkins, General Counsel and Senior Vice President, NASD Regulation, to Katherine A. England, Assistant Director, Division of Market Regulation ("Division"), Commission, dated September 25, 2000.

⁴ See Securities Exchange Act Release No. 43441 (October 12, 2000), 65 FR 63275 ("Notice").

⁵ See letter from Bill Singer, Attorney, Singer Frumento LLP, to Jonathan G. Katz, Secretary, Commission, dated October 26, 2000 ("Singer Letter"); letter from J. Scott Colesanti, Senior Compliance Attorney, Edward D. Jones & Co., Inc. to Jonathan G. Katz, Secretary, Commission, dated November 10, 2000 ("Edward Jones Letter"); letter from Professor Barbara Black and Adjunct Professor Jill Gross, Co-Directors, Securities Arbitration Clinic, John Jay Legal Services, Inc., Pace University School of Law, to Jonathan G. Katz, Secretary, dated November 8, 2000 ("John Jay Letter"); letter from