

elections of directors and with whatever rules the Commission may promulgate with respect thereto.

9. Each Fund will notify all Participating Insurance Companies and all Qualified Plans that disclosure in separate account prospectuses or any Qualified Plan prospectuses or other Plan disclosure documents regarding potential risks of mixed and shared funding may be appropriate. Each such Fund will disclose in its prospectus that: (a) shares of such Fund may be offered to insurance company separate accounts of both variable annuity and variable life insurance contracts and to Qualified Plans; (b) due to differences in tax treatment and other considerations, the interests of various contractowners participating in such Fund and the interests of Qualified Plans investing in such Funds may conflict; and (c) such Fund's Board will monitor events in order to identify the existence of any material irreconcilable conflicts and determine what action, if any, should be taken in response to any such conflict.

10. If and to the extent that Rule 6e-2 or Rule 6e-3(T) under the Act are amended, or proposed Rule 6e-3 under the Act is adopted, to provide exemptive relief from any provision of the Act, or the rules promulgated thereunder, with respect to mixed or shared funding on terms and conditions materially different from any exemptions granted in the Order requested in this Application, then the Funds and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 or 6e-3(T), as amended, or Rule 6e-3, as adopted, as such rules are applicable.

11. The Participants, at least annually, will submit to the Board of each Fund such reports, materials, or data as a Board may reasonably request so that the directors of the Board may fully carry out the obligations imposed upon a Board by the conditions contained in this Application, and said reports, materials and data will be submitted more frequently if deemed appropriate by a Board. The obligations of the Participants to provide these reports, materials, and data to a Board, when it so reasonably requests, will be a contractual obligation of all Participants under their agreements governing participation in the Funds.

12. All reports of potential or existing conflicts received by a Board, and all Board action with regard to (a) determining the existence of a conflict, (b) notifying Participants of the existence 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 relevant Board or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

13. A Fund will not accept a purchase order from a Qualified Plan if such purchase would make the Plan shareholder an owner of 10 percent or more of the assets of such Fund unless such Plan executes an agreement with the relevant Fund governing participation in such Fund that includes the conditions set forth herein to the extent applicable. A Qualified Plan will execute an application containing an acknowledgement of this condition at the time of its initial purchase of shares of any such Fund.

### Conclusion

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-14137 Filed 6-5-02; 8:45 am]

**BILLING CODE 8010-01-P**

### SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25600; File No. 812-12100]

#### Ameritas Life Insurance Corp., et al.; Notice of Application

May 31, 2002.

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

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

*Applicants:* Ameritas Life Insurance Corp. ("Ameritas"), and Ameritas Life Insurance Corp. Separate Account LLVA ("Separate Account").

**SUMMARY OF APPLICATION:** Applicants seek an order pursuant to Section 26(c) of the 1940 Act to permit the substitution of shares of the Vanguard International Portfolio for the Strong International Fund II.

**FILING DATE:** The application was filed by Acacia National Life Insurance Company, Acacia National Variable Life Separate Account I and Acacia National Variable Annuity Separate Account II (collectively, the "Acacia Applicants") on May 16, 2000, and amended and restated by the Acacia Applicants, Ameritas and Separate Account on October 16, 2001. The filing was amended and restated by Ameritas and Separate Account on February 12, 2002,

April 10, 2002, and April 19, 2002. Applicants represent that they will file an amendment to the 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 June 21, 2002, 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 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, NW., Washington, DC 20549-0609. Applicants: Ken Reitz, Esq., Ameritas Life Insurance Corp., 5900 "O" Street, Lincoln, NE 68510.

#### **FOR FURTHER INFORMATION CONTACT:**

Zandra Y. Bailes, Senior Counsel, or Lorna MacLeod, 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 Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

#### **Applicants' Representations**

1. Ameritas is a stock life insurance company organized in the State of Nebraska and currently licensed to sell life insurance in all 50 states and in the District of Columbia. Ameritas is a subsidiary of AmeritasAcacia Mutual Holding Company.

2. The Separate Account was established by Ameritas on August 26, 1995, to receive and invest premiums received from purchasers of certain variable annuity contracts issued by Ameritas. The Separate Account is registered with the Commission as a unit investment trust under the 1940 Act. In addition, the variable annuity contracts funded by the Separate Account are registered with the Commission under the Securities Act of 1933 ("1933 Act"). The income, capital gains and capital losses incurred on the assets of the Separate Account are

credited to, or charged against, the assets of the Separate Account without regard to the income, capital gains or capital losses arising out of any other business Ameritas may conduct. In addition, the laws of the State of Nebraska, under which the Applicants were established provide that assets in each such Separate Account attributable to the annuity contracts funded by such Account are generally not chargeable with liabilities arising out of any other business which Ameritas may conduct.

3. The Separate Account currently serves as the funding vehicle for variable annuity contracts ("VA Contracts") registered under the 1933 Act. The Separate Account is divided into separate subaccounts ("Subaccounts") that each invest exclusively in shares of an underlying fund. Owners of the VA Contracts are currently permitted to accumulate funds, on a tax-deferred basis, based on the investment experience of the assets underlying the VA Contract. The VA Contracts may be purchased on a non-tax qualified basis or in connection with certain plans qualifying for favorable federal income tax treatment. Owners of a VA Contract can allocate premium payments to one or more Subaccounts and/or to the Fixed Account. Owners of a VA Contract may make up to 15 transfers of cash values among the Subaccounts each year without charge; transfers in excess of 15 in any year may be subject to a charge. Owners of VA Contracts are also subject to certain administrative and other charges and may be subject to certain surrender charges.

4. The Separate Account currently makes available to owners of VA Contracts a total of forty-five separate investment options, as well as the option to allocate premiums to the insurance company Fixed Account.

5. Prior to October 1, 2001, the Separate Account also offered a subaccount ("Strong Subaccount") that invested exclusively in shares of Strong International Stock Fund II, ("Strong International"). Shares of Strong International are registered under the 1933 Act on Form N-1A (File No. 33-45108). Strong Capital Management, Inc., serves as the investment adviser for Strong International. Ameritas discontinued offering the Strong Subaccount as an investment option under VA Contracts as of October 1, 2001. Owners of VA Contracts with interests in the Strong Subaccount were, and continue to be, permitted to remain in the subaccount, but no new investments in the subaccount are being accepted.

6. Shares of Vanguard International Portfolio ("Vanguard International") are registered under the 1933 Act on Form N-1A (File No. 33-32216). Vanguard International is a separate investment portfolio of the Vanguard Variable Insurance Fund and has been available to owners of VA Contracts since May 2001. Schroder Investment Management North America, Inc., serves as the investment adviser for Vanguard International.

7. The investment objective of both Vanguard International and Strong International is capital growth. Each fund seeks to achieve its objective by investing primarily in equity securities of foreign issuers. Neither fund is limited with respect to the nations in which investments may be made or the capitalization of the companies in which they invest.

8. Strong International and Vanguard International differ with respect to the relative emphasis placed by each fund's investment adviser on various investment criteria. As stated in the prospectus relating to Strong International, that fund's investment adviser selects securities for the fund using an investment approach that examines the investment outlook of individual countries in determining whether to invest; identifies individual investments based on rigorous, in-depth analysis of the individual characteristics of the issuer involved; and seeks to manage foreign currency risk. The investment adviser for Vanguard International considers similar factors, but with a somewhat different emphasis. Vanguard International's investment adviser first examines the investment outlook of foreign markets around the world, then determines the proportion of the fund's assets to allocate to individual countries before selecting companies' securities within such countries based upon a selection process emphasizing on-site evaluations of the companies. The adviser's investment approach results in a fund portfolio whose overall characteristics often differ substantially from those of broad international stock indexes and are therefore apt to differ substantially from time to time from the performance of such indexes.

9. Applicants propose to substitute securities of Vanguard International for securities issued by Strong International (the "Substitution").

10. Applicants state that although not identical, Vanguard International and Strong International afford their shareholders very similar investment opportunities. Applicants believe that the objectives and policies of Vanguard International are the same as, or

sufficiently similar to, those of Strong International to assure that the core investment goals of those owners of the VA Contracts affected by the Substitution ("Affected Contractowners") will not be frustrated and the investment expectations of Affected Contractowners can continue to be met. Further, Applicants state that the Substitution will reduce the expenses of the Affected Contractowners because Vanguard International is larger and less expensive than Strong International and because Vanguard International has a performance record that is both comparable to, and less volatile than, that of Strong International.

11. The following table summarizes the annual operating expenses to which holders of shares of Strong International have been and which holders of shares of Vanguard International are subject. The table does not include any fees or sales charges imposed by those VA contracts issued by Ameritas. The figures shown below are based on the assets of Strong International and Vanguard International as of December 31, 2001.

	Strong International (percent)	Vanguard International (percent)
Management Fees ....	1.00	0.16
Distribution and service (12b-1) fees .....	.....	.....
Other Expenses .....	0.03	0.27
Total before Waivers and Reductions .....	1.03	0.43
Waivers and Reductions .....	.....	.....
Total after Waivers and Reductions .....	1.03	0.43

12. On April 6, 2001, Applicants were notified by Strong International that it had suspended sales to new insurance company separate accounts and, on June 1, 2001, received a second notice from Strong International stating that it intended to close to existing relationships.

13. A prospectus supplement dated September 21, 2001, was distributed to all owners of VA Contracts. The supplement stated, among other things, that the Strong Subaccount would not be available as an investment option under the VA Contracts as of October 1, 2001, and that Applicants intended to file an application with the Commission to substitute other investment options for Strong International.

14. Following the date on which Ameritas is notified that the notice of this Application is to be published in the **Federal Register**, but before the date the Requested Order becomes effective,

Ameritas will forward to Affected Contractowners a notice describing the Substitution that will affect their interest in the VA Contracts, including the anticipated effective date of the Substitution. The notice will be accompanied by a copy of the portfolio prospectus for Vanguard International. This Notice will inform Affected Contractowners of (i) the anticipated effective date of the Substitution; (ii) the right of each Affected Contractowner under the VA Contracts to transfer contract values among the various Subaccounts; and (iii) the fact that any such transfer that involves a transfer from Strong International will not be subject to any administrative charge and will not count as one of the "free transfers" to which Affected Contractowners may otherwise be entitled. The notice will advise Contractowners that cash values attributable to investments in Strong International may be transferred to any other available Subaccount, without regard to any transfer charge or other restriction to which transfers between Subaccounts may otherwise be subject, for not less than 30 days after the effective date of the Substitution. All such transfers will be made at the relative net asset value on the date on which the Affected Contractowner elects to make the transfer.

15. Within five days after the effective date of the Substitution, Ameritas will forward to Affected Contractowners a written confirmation notice relating to the substitution transaction. The confirmation notice will (i) confirm that such transaction was carried out; (ii) again advise Affected Contractowners that cash values attributable to investments in Strong International may be transferred to any other available Subaccount, without regard to any transfer charge or other restriction to which transfers between Subaccounts may otherwise be subject, for not less than 30 days after the effective date of the Substitution; (iii) advise Affected Contractowners that no transfer made by Affected Contractowners during this period will be counted as one of the "free" transfers to which such owners may otherwise be entitled under the Subject Contract held; and (iv) state that Ameritas will not exercise any right reserved by it under the Subject Contracts to impose additional restrictions on transfers from cash value attributable to investment in Strong International until at least 30 days after the effective date of the Substitution.

16. As of the effective date of the Substitution, shares of Strong International held by the Strong Subaccount will be presented to Strong

International for cash redemption. The proceeds of such cash redemptions will then be used to purchase the appropriate number of shares of Vanguard International. On the effective date of the Substitution, the cash values of Affected Contractowners will be transferred to Vanguard International, and the Strong Subaccount will then be eliminated. The Substitution will take place at net asset value, with no change in the contract value of any Affected Contractowner, and all cash redemptions of shares of Strong International and purchases of shares of Vanguard International will be effected in accordance with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder.

17. Ameritas will bear the costs of the Substitution, including any legal, accounting and brokerage fees and expenses relating to them. Affected Contractowners will not incur any additional fees or charges as a result of the Substitution. No current fees or charges applicable under the Subject Contracts will be increased as a result of the Substitution, nor will the rights of the owners of the Subject Contracts or the obligations of Ameritas under the Subject Contracts be diminished. The Substitution will not alter in any way the annuity, life or tax benefits afforded under the VA Contracts held by any Affected Contractowner. The Substitution will not result in any adverse tax consequences to the owners of the Subject Contracts, any change in the economic interest or contract values of any such owner or any change in the dollar value of the Subject Contracts held by any Affected Contractowner. Finally, Affected Contractowners will be permitted to withdraw amounts from the VA Contracts held, or to terminate their interest in any such contract, under the conditions set forth in the contracts.

18. Applicants state that Applicants will not receive for three years from the date of the substitutions, any direct or indirect benefit from Vanguard International, its advisers or underwriters, or from affiliates of Vanguard International, its advisers or underwriters in connection with assets attributable to Contracts affected by the substitution, at a higher rate than Applicants have received from Strong International, its advisers or underwriters, or from affiliates of Strong International, its advisers or underwriters, including, without limitation, Rule 12b-1 fees, shareholder service or administrative or other service fees, revenue sharing or other arrangements. Applicants represent that the substitutions and the selection of Vanguard International was not

motivated by any financial consideration paid or to be paid to Applicants or any affiliate of Applicants by Vanguard International, its advisers or underwriters, or by affiliates of them.

#### Applicants' Legal Analysis

1. Section 26(c) 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." Section 26(c) of the 1940 Act also provides that the Commission shall issue an order approving such substitution if the evidence establishes that the substitution is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

2. Applicants request an order pursuant to Section 26(c) of the 1940 Act approving the substitution. Applicants assert that the purposes, terms, and conditions of the Substitution are consistent with the protection of investors and the purposes fairly intended by the 1940 Act.

3. Each Subject Contract reserves to the issuing insurance company the right, subject to compliance with applicable law, to substitute shares of another open-end management investment company for shares of an open-end management company held by a Subaccount of the Separate Account. This reservation of rights is disclosed in the prospectus for the Subject Contracts.

4. Applicants assert that Vanguard International and Strong International afford their shareholders very similar investment opportunities. Applicants state that from an investment perspective, the only difference between Strong International and Vanguard International lies in the relative emphasis placed by each fund's investment adviser on various investment criteria. Applicants believe such a distinction in investment style does not require a conclusion that the proposed Substitution would not meet the standards of Section 26(c).

5. Applicants believe that the Strong International/Vanguard International substitution satisfies the standards for relief under Section 26(c), because, following the Substitution, Affected Contractowners will be invested in Vanguard International, a fund (i) with the same investment objective as, and investment policies very similar to, those of Strong International; (ii) with actual performance which has been better on a cumulative basis than that of Strong International; and (iii) that is

both larger than Strong International, and enjoys a lower management fee and lower overall expense ratio than Strong International.

### Conclusion

Applicants assert that the proposed Substitution is consistent with the protection of investors and the purposes fairly intended by the policy and purposes of the 1940 Act and therefore request that the Substitution should be granted.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 02-14202 Filed 6-5-02; 8:45 am]

BILLING CODE 8010-01-U

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45995; File No. SR-NYSE-2002-20]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change by the New York Stock Exchange, Inc. Relating to the Initial Listing Fees for an Additional Class of Common Stock

May 29, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 24, 2002, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons, and to approve the proposed rule change on an accelerated basis.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Section 902.02 of the NYSE Listed Company Manual ("LCM") to provide that, at the time an issuer lists an additional class of common stock on the NYSE, the listed company will be charged a fixed initial listing fee of \$5,000 for that class instead of the per-share initial listing fee under the current original listing fee schedule. Presently,

Section 902.02 of the LCM provides that only tracking stocks of a listed company are charged a flat initial listing fee of \$5,000.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

##### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend Section 902.02 of the LCM to provide that when an issuer lists an additional class of common stock, it will be charged a flat initial listing fee of \$5,000 for the additional class in lieu of the per-share fee schedule. Currently, Section 902.02 of the LCM specifies that only tracking stocks of a listed company are charged a flat initial listing fee of \$5,000.

In 2000, in response to listed companies' desires to utilize tracking stocks to achieve strategic and financial goals, the Exchange adopted the \$5,000 flat initial listing fee for tracking stocks.<sup>3</sup> Since adopting this flat fee for the initial listing of tracking stocks, the Exchange has noted that, from time to time, its listed companies issue additional classes of common stock other than tracking stocks. Because a tracking stock is itself an additional class of common stock, the Exchange has found it difficult to justify a material distinction in the initial listing fees between tracking stocks and other kinds of additional classes of common stock. In the Exchange's view, additional classes of common stock should be entitled to benefit from the same flat \$5,000 initial listing fee as is applicable to tracking stocks. The Exchange therefore believes that by broadening Section 902.02 of the LCM to apply to any additional class of common stock of a listed company, the Exchange will be

<sup>3</sup> See Securities Exchange Act Release No. 43164 (August 16, 2000), 65 FR 51387 (August 23, 2000) (SR-NYSE-00-15) (noting that tracking stocks are categories of common stocks of an issuer that are intended to track the value of a portion of the issuer's business).

in a position to be more competitive and responsive to alternate capitalization structures, including tracking stocks and other additional classes of common stock.

The Exchange would like to clarify that the flat fee applies only when the additional class of common stock is first listed on the NYSE. The Exchange believes that the proposal is consistent with the treatment that has been afforded to tracking stocks, which are assessed fees under the regular fee schedules for both continuing annual fees and for the initial fees chargeable when issuing additional shares of an already listed class of stock.

###### 2. Statutory Basis

The Exchange believes that this proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>4</sup> which provides that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

##### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

##### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

#### III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the

<sup>4</sup> 15 U.S.C. 78f(b)(5).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.