

statements for the record; therefore, OPIC's public hearing scheduled for 2 PM, December 8, 2008 in conjunction with OPIC's December 11, 2008 Board of Directors meeting has been cancelled.

Contact Person for Information:

Information on the hearing cancellation may be obtained from Connie M. Downs at (202) 336-8438, via facsimile at (202) 218-0136, or via e-mail at Connie.Downs@opic.gov.

Dated: December 8, 2008.

Connie M. Downs,

OPIC Corporate Secretary.

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BILLING CODE 3195-01-P

POSTAL REGULATORY COMMISSION

[Docket No. CP2009-15; Order No. 144]

International Mail Contract

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: This document announces a recently-filed Postal Service notice of a new international mail contract. It addresses procedural steps associated with this filing.

DATES: Comments due December 12, 2008.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>.

FOR FURTHER INFORMATION CONTACT:

Stephen L. Sharfman, General Counsel, 202-789-6820 and stephen.sharfman@prc.gov.

SUPPLEMENTARY INFORMATION:

I. Background

On December 2, 2008, the Postal Service filed a notice announcing that it has entered into an additional Global Expedited Package Services 1 (GEPS 1) contract.¹ GEPS 1 provides volume-based incentives for mailers that send large volumes of Express Mail International (EMI) and/or Priority Mail International (PMI). The Postal Service believes the instant contract is functionally equivalent to previously submitted GEPS agreements, and supported by the Governors' Decision filed in Docket No. CP2008-5.² *Id.* at 1-

¹ Notice of United States Postal Service Filing of Functionally Equivalent Global Expedited Package Services 1 Negotiated Service Agreement, December 2, 2008 (Notice).

² See Docket No. CP2008-5, Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Expedited Package Services Contracts (Governors' Decision No. 08-7), May 6, 2008, and

2. It further notes that in Order No. 86, which established GEPS 1 as a product, the Commission held that additional contracts may be included as part of the GEPS 1 product if they meet the requirements of 39 U.S.C. 3633 and if they are functionally equivalent to the initial GEPS 1 contract filed in Docket No. CP2008-5.³ *Id.* at 1.

The instant contract. The Postal Service filed the instant contract pursuant to 39 CFR 3015.5. In addition, the Postal Service contends that the contract is in accordance with Order No. 86. It submitted the contract and supporting material under seal, and attached a redacted copy of the certified statement required by 39 CFR 3015.5(c)(2) to the Notice. *Id.* at 1-2.

The Notice addresses reasons why the instant GEPS 1 contract fits within the Mail Classification Schedule language for GEPS 1, explains expiration terms, and discusses the Postal Service's interest in confidential treatment for the contract and related material.⁴ *Id.* at 2-3. It also provides the Postal Service's rationale for concluding that the instant contract is functionally equivalent to the initial contract filed in Docket No. CP2008-5. The Postal Service requests that this contract be included within the GEPS 1 product. *Id.* at 3-5.

II. Notice of Filing

The Commission establishes Docket No. CP2009-15 for consideration of matters related to the contract identified in the Postal Service's Notice.

Interested persons may submit comments on whether the Postal Service's contract is consistent with the policies of 39 U.S.C. 3632, 3633, or 3642. Comments are due no later than December 12, 2008. The public portions of these filings can be accessed via the Commission's Web site (<http://www.prc.gov>).

The Commission appoints Michael J. Ravnitzky to serve as Public Representative in the captioned filings.

It Is Ordered

1. The Commission establishes Docket No. CP2009-15 for consideration of the matters raised in this docket.

2. Pursuant to 39 U.S.C. 505, Michael J. Ravnitzky is appointed to serve as officer of the Commission (Public Representative) to represent the

United States Postal Service Notice of Filing Redacted Copy of Governors' Decision No. 08-7, July 23, 2008.

³ See PRC Order No. 86, Order Concerning Global Expedited Package Services Contracts, June 27, 2008, at 7 (Order No. 86).

⁴ Contract expiration is tied to one year after the Postal Service notifies the customer that all necessary approvals and reviews have been obtained. *Id.* at 2.

interests of the general public in these proceedings.

3. Comments by interested persons in these proceedings are due no later than December 12, 2008.

4. The Secretary shall arrange for the publication of this Order in the **Federal Register**.

By the Commission.

Steven W. Williams,

Secretary.

[FR Doc. E8-29264 Filed 12-10-08; 8:45 am]

BILLING CODE 7710-FW-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-28527; File No. 812-13492]

RiverSource Life Insurance Company, et al., Notice of Application

December 4, 2008.

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

ACTION: Notice of amended and restated application for an order of exemption pursuant to Section 26(c) of the Investment Company Act of 1940 (the "1940 Act") approving certain substitutions of securities and an order of exemption pursuant to Section 17(b) of the 1940 Act from Section 17(a) of the 1940 Act.

Applicants: RiverSource Life Insurance Company ("RiverSource Life"), RiverSource Life Insurance Co. of New York ("RiverSource Life of NY" and, together with RiverSource Life, the "Companies"), RiverSource Variable Account10 ("Account 10"), RiverSource Variable Life Separate Account ("Variable Life Separate Account"), RiverSource of New York Variable Annuity Account ("Variable Annuity Account NY") and RiverSource of New York Account 8 ("Account 8 NY") (except for the Companies, each a "separate account" as defined in Section 2(a)(37) of the Investment Company Act of 1940, as amended (the "1940 Act"); the separate accounts are collectively referred to herein as the "Separate Accounts") (all foregoing parties collectively referred to herein as the "Applicants"); and RiverSource Variable Series Trust ("RiverSource VS Trust," and together with the Applicants, the "Section 17(b) Applicants").

Filing Date: The application was filed on February 11, 2008, and amended and restated on October 30, 2008.

Summary of Application: Applicants request an order of the Commission, pursuant to Section 26(c) of the 1940 Act, approving the substitution of shares

of certain investment portfolios ("Substituted Portfolios") for shares of certain other investment portfolios ("Replacement Portfolios") under certain variable life insurance policies and/or variable annuity contracts ("Contracts"), each issued through a Separate Account. The Section 17(b) Applicants seek an order of exemption pursuant to Section 17(b) of the 1940 Act from Section 17(a) of the 1940 Act to the extent necessary to permit the Companies to carry out the Substitutions.

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 December 29, 2008, 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, 100 F Street, NW., Washington, DC 20549. Applicants, c/o Rodney Jay Vessels, Esq., RiverSource Life Insurance Company, 829 Ameriprise Financial Center, Minneapolis, Minnesota 55474, with copy to Stephen E. Roth, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, NW., Washington, DC 20004-2415.

FOR FURTHER INFORMATION CONTACT: Mark A. Cowan, Senior Counsel, or Zandra Y. Bailes, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 551-6795.

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, 100 F Street, NE., Washington, DC 20549 (202-551-8090).

Applicants' Representations

1. RiverSource Life is a stock life insurance company organized in 1957 under the laws of the state of Minnesota and is located at 70100 Ameriprise Financial Center, Minneapolis, MN 55474. It is a wholly-owned subsidiary of Ameriprise Financial, Inc.

2. RiverSource Life established Account 10 on August 23, 1995

pursuant to the provisions of Minnesota law. Account 10 meets the definition of "separate account" under the federal securities laws. Account 10 is registered with the Commission under the 1940 Act as a unit investment trust (File No. 811-07355). The assets of Account 10 support certain Contracts that offer Substituted Portfolios as investment options (the "Account 10 Contracts"), and interests in Account 10 offered through such Contracts have been registered under the Securities Act of 1933 ("1933 Act") on Form N-4.

3. RiverSource Life is the legal owner of the assets in Account 10. The assets of Account 10 are not chargeable with liabilities arising out of any other RiverSource Life business. Income, capital gains and/or capital losses, whether or not realized, from assets allocated to Account 10 are credited to or charged against the account without regard to the income, capital gains, and/or capital losses arising out of any other RiverSource Life business. Account 10 is segmented into subaccounts, and certain subaccounts invest in the Substituted Portfolios.

4. A majority of Account 10 Contracts involved in the Substitution are no longer offered for sale, except for RiverSource Retirement Advisor 4 Advantage Variable Annuity, RiverSource Retirement Advisor 4 Select Variable Annuity and RiverSource Retirement Advisor 4 Access Variable Annuity Contracts. The subaccounts investing in the Substituted Portfolios are currently available for the allocation of additional purchase payments and transfer of contract value under the Account 10 Contracts for existing and new Contract owners, and will continue to be available to such Contract owners until the time the Substitutions occur.

5. The terms and conditions, including charges and expenses, applicable to the Account 10 Contracts are described in the registration statements relating to such Contracts. Pursuant to the Account 10 Contracts, RiverSource Life reserves the right to substitute shares of one portfolio for shares of another. In the prospectuses for the Account 10 Contracts, RiverSource Life also reserves the right to substitute shares of one portfolio for shares of another.

6. The terms of the Account 10 Contracts and the prospectuses for the Account 10 Contracts also permit owners to transfer contract value among the subaccounts. Currently, subject to certain restrictions, owners may redistribute contract value among the accounts without charge at any time until annuity payouts begin, and once

per contract year among the subaccounts after annuity payouts begin. RiverSource Life does not assess a transfer charge. RiverSource Life also has market timing policies and procedures that may operate to limit transfers. If the Account 10 Contract offers a fixed account and GPA account, RiverSource Life may impose restrictions on transfers to and from the fixed account and GPA account.

7. RiverSource Life established Variable Life Separate Account on October 16, 1985 pursuant to the provisions of Minnesota law. Variable Life Separate Account meets the definition of "separate account" under the federal securities laws. Variable Life Separate Account is registered with the Commission under the 1940 Act as a unit investment trust (File No. 811-4298). The assets of Variable Life Separate Account support certain Contracts that offer Substituted Portfolios as investment options (the "Variable Life Separate Account Contracts"), and interests in Variable Life Separate Account offered through such Contracts have been registered under the 1933 Act on Form N-4.

8. RiverSource Life is the legal owner of the assets in Variable Life Separate Account. The assets of Variable Life Separate Account are not chargeable with liabilities arising out of any other RiverSource Life business. Income, capital gains and/or capital losses, whether or not realized, from assets allocated to Variable Life Separate Account are credited to or charged against the account without regard to the income, capital gains, and/or capital losses arising out of any other RiverSource Life business. Variable Life Separate Account is segmented into subaccounts, and certain subaccounts invest in the Substituted Portfolios.

9. The majority of the Variable Life Separate Account Contracts involved in the Substitution are no longer offered for sale, except RiverSource Single Premium Variable Life, RiverSource Variable Life Universal Life IV and RiverSource Variable Life Universal Life IV—Estate Series. The subaccounts investing in the Substituted Portfolios are currently available for the allocation of additional purchase payments and transfer of contract value under the Variable Life Separate Account Contracts for existing and new Contract owners, and will continue to be available to such Contract owners until the time the Substitutions occur.

10. The terms and conditions, including charges and expenses, applicable to the Variable Life Separate Account Contracts are described in the registration statements relating to such

Contracts. Pursuant to the Variable Life Separate Account Contracts, RiverSource Life reserves the right to substitute shares of one portfolio for shares of another. In the prospectuses for the Variable Life Separate Account Contracts, RiverSource Life also reserves the right to substitute shares of one portfolio for shares of another.

11. The terms of the Variable Life Separate Account Contracts and the prospectuses for the Variable Life Separate Account Contracts also permit owners to transfer contract value among the subaccounts. Currently, subject to certain restrictions, owners may redistribute contract value among the accounts without charge. RiverSource Life does not assess a transfer charge. RiverSource Life also has market timing policies and procedures that may operate to limit transfers. If the Variable Life Separate Account Contract offers a fixed account, RiverSource Life may impose restrictions on transfers to and from the fixed account.

12. RiverSource Life of NY is a stock life insurance company organized in 1972 under the laws of the state of New York and is located at 20 Madison Avenue Extension, Albany, New York 12203. It is a wholly-owned subsidiary of RiverSource Life. RiverSource Life of NY conducts a conventional life insurance business. Its primary products currently include fixed and variable annuity contracts and life insurance policies. These products are distributed through individual insurance agents, financial planners, and broker-dealers to both the tax qualified and non-tax-qualified markets. As of December 31, 2007, RiverSource Life of NY's assets were in excess of \$ 5.32 billion. For purposes of the 1940 Act, RiverSource Life of NY is the depositor and sponsor of the Variable Annuity Account NY and Account 8 NY as those terms have been interpreted by the Commission with respect to variable annuity and variable life insurance separate accounts.

13. RiverSource Life of NY established Variable Annuity Account NY on April 17, 1996 pursuant to the provisions of New York law. Variable Annuity Account NY meets the definition of "separate account" under the federal securities laws. Variable Annuity Account NY is registered with the Commission under the 1940 Act as a unit investment trust (File No. 811-07623). The assets of Variable Annuity Account NY support certain Contracts that offer Substituted Portfolios as investment options (the "Variable Annuity Account NY Contracts"), and interests in Variable Annuity Account NY offered through such Contracts have

been registered under the 1933 Act on Form N-4.

14. RiverSource Life of NY is the legal owner of the assets in Variable Annuity Account NY. The assets of Variable Annuity Account NY are not chargeable with liabilities arising out of any other RiverSource Life of NY business. Income, capital gains and/or capital losses, whether or not realized, from assets allocated to Variable Annuity Account NY are credited to or charged against the account without regard to the income, capital gains, and/or capital losses arising out of any other RiverSource Life of NY business. Variable Annuity Account NY is segmented into subaccounts, and certain subaccounts invest in the Substituted Portfolios.

15. The majority of the Variable Annuity Account NY Contracts involved in the Substitution are no longer offered for sale, except RiverSource Retirement Advisor 4 Advantage Variable Annuity, RiverSource Retirement Advisor 4 Select Variable Annuity and RiverSource Retirement Advisor 4 Access Variable Annuity Contracts. The subaccounts investing in the Substituted Portfolios are currently available for the allocation of additional purchase payments and transfer of contract value under the Variable Annuity Account NY Contracts for existing and new Contract owners, and will continue to be available to such Contract owners until the time the Substitutions occur.

16. The terms and conditions, including charges and expenses, applicable to the Variable Annuity Account NY Contracts are described in the registration statements relating to such Contracts. Pursuant to the Variable Annuity Account NY Contracts, RiverSource Life of NY reserves the right to substitute shares of one portfolio for shares of another. In the prospectuses for the Variable Annuity Account NY Contracts, RiverSource Life of NY also reserves the right to substitute shares of one portfolio for shares of another.

17. The terms of the Variable Annuity Account NY Contracts and the prospectuses for the Variable Annuity Account NY Contracts also permit owners to transfer contract value among the subaccounts. Currently, subject to certain restrictions, owners may redistribute contract value among the accounts without charge at any time until annuity payouts begin, and once per contract year among the subaccounts after annuity payouts begin. RiverSource Life of NY does not assess a transfer charge. RiverSource Life of NY also has market timing

policies and procedures that may operate to limit transfers. If the Variable Annuity Account NY Contract offers a fixed account, RiverSource Life of NY may impose restrictions on transfers to and from the fixed account.

18. RiverSource Life of NY established Account 8 NY on September 12, 1985 pursuant to the provisions of New York law. Account 8 NY meets the definition of "separate account" under the federal securities laws. Account 8 NY is registered with the Commission under the 1940 Act as a unit investment trust (File No. 811-5213). The assets of Account 8 NY support certain Contracts that offer Substituted Portfolios as investment options (the "Account 8 NY Contracts"), and interests in Account 8 NY offered through such Contracts have been registered under the 1933 Act on Form N-4.

19. RiverSource Life of NY is the legal owner of the assets in Account 8 NY. The assets of Account 8 NY are not chargeable with liabilities arising out of any other RiverSource Life of NY business. Income, capital gains and/or capital losses, whether or not realized, from assets allocated to Account 8 NY are credited to or charged against the account without regard to the income, capital gains, and/or capital losses arising out of any other RiverSource Life of NY business. Account 8 NY is segmented into subaccounts, and certain subaccounts invest in the Substituted Portfolios.

20. The majority of the Account 8 NY Contracts involved in the Substitution are no longer offered for sale, except RiverSource Succession Select Variable Life Insurance and RiverSource Variable Life Universal Life IV and RiverSource Variable Life Universal Life IV—Estate Series Contracts. The subaccounts investing in the Substituted Portfolios are currently available for the allocation of additional purchase payments and transfer of contract value under the Account 8 NY Contracts for existing and new Contract owners, and will continue to be available to such Contract owners until the time the Substitutions occur.

21. The terms and conditions, including charges and expenses, applicable to the Account 8 NY Contracts are described in the registration statements relating to such Contracts. Pursuant to the Account 8 NY Contracts, RiverSource Life of NY reserves the right to substitute shares of one portfolio for shares of another. In the prospectuses for the Account 8 NY Contracts, RiverSource Life of NY also reserves the right to substitute shares of one portfolio for shares of another.

22. The terms of the Account 8 NY Contracts and the prospectuses for the

Account 8 NY Contracts also permit owners to transfer contract value among the subaccounts. Currently, subject to certain restrictions, owners may redistribute contract value among the accounts without charge at any time until annuity payouts begin, and once per contract year among the subaccounts after annuity payouts begin. RiverSource Life of NY does not assess a transfer charge. RiverSource Life of NY also has market timing policies and procedures that may operate to limit transfers. If the Account 8 NY Contract offers a fixed account, RiverSource Life of NY may impose restrictions on transfers to and from the fixed account.

23. The proposed substitutions are as follows: (i) Class I shares of the American Century VP Value Fund of the American Century Variable Portfolios for shares of RiverSource VP—Diversified Equity Income Fund of the RiverSource Variable Series Trust; (ii) Class II Shares of the Pioneer Equity Income VCT Portfolio of the Pioneer Variable Contracts Trust for shares of RiverSource VP—Diversified Equity Income Fund of the RiverSource Variable Series Trust; (iii) Class IB

Shares of the Putnam VT International New Opportunities Fund of the Putnam Variable Trust for Series II Shares of the AIM V.I. International Growth Fund of the AIM Variable Insurance Funds; (iv) Service Shares of the Dreyfus VIF International Value Portfolio of the Dreyfus Variable Investment Fund for Class B shares of the AllianceBernstein VPS International Value Portfolio of the AllianceBernstein Variable Products Series Fund; (v) Service Shares of the Lazard Retirement International Equity Portfolio of the Lazard Retirement Series for Class B shares of the AllianceBernstein VPS International Value Portfolio of the AllianceBernstein Variable Products Series Fund; (vi) Service Class shares of the MFS® Total Return Series of the MFS® Variable Insurance Trust for shares of RiverSource VP—Balanced Fund of the RiverSource Variable Series Trust; (vii) Class 1 shares of the FTVIPT Templeton Developing Markets Securities Fund of the Franklin Templeton Variable Insurance Products Trust for shares of Threadneedle VP—Emerging Markets Fund of the RiverSource Variable Series Trust; and (viii) Class 2 shares of the FTVIPT Templeton Foreign Securities

Fund of the Franklin Templeton Variable Insurance Products Trust for Class 2 shares of the Evergreen VA International Equity Fund of the Evergreen Variable Annuity Trust.

24. The Applicants represent that each of the Replacement Portfolios has substantially similar investment objectives, principal investment strategies, and risk characteristics to those of its corresponding Substituted Portfolio as stated in their respective prospectuses and/or Statements of Additional Information (“SAI”) and as set out in the application.

25. The Applicants represent that each of the Replacement Portfolios’ total net operating expenses and aggregate investment management fees and 12b–1 fees, for the year ended December 31, 2007, expressed as an annual percentage of average daily net assets, are no higher than those of its corresponding Substituted Portfolio (except for the Threadneedle VP—Emerging Markets Fund, which has slightly higher total net operating expenses than the FTVIPT Templeton Developing Markets Securities Fund, Class 1), as set forth in the following chart:

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EXPENSE RATIOS
(as a percentage of average daily net assets)

Substituted Portfolios
(One year Period Ended 12/31/07)

American Century VP Value Fund,

<u>Class I</u>	
Investment Management Fees	0.93%
12b-1 Fees**	None
Other Expenses	0.01%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.94%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.94%

Pioneer Equity Income VCT Portfolio,

<u>Class II Shares</u>	
Investment Management Fees	0.65%
12b-1 Fees**	0.25%
Other Expenses	0.05%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.95%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.95%

Putnam VT International New Opportunities
Fund, Class IB Shares⁽¹⁾

Investment Management Fees	1.00%
12b-1 Fees**	0.25%
Other Expenses	0.17%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.42%
Less Expense Waivers and Reimbursements	0.06%
Total Net Operating Expenses	1.36%

Dreyfus VIF International Value Portfolio,

<u>Service Shares</u>	
Investment Management Fees	1.00%
12b-1 Fees**	0.25%
Other Expenses	0.19%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.44%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.44%

Replacement Portfolios
(One Year Period Ended 12/31/07)

RiverSource VP – Diversified Equity Income

<u>Fund</u>	
Investment Management Fees	0.59%
12b-1 Fees**	0.13%
Other Expenses	0.14%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.86%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.86%

RiverSource VP – Diversified Equity Income

<u>Fund</u>	
Investment Management Fees	0.59%
12b-1 Fees**	0.13%
Other Expenses	0.14%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.86%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.86%

AIM V.I. International Growth Fund,
Series II Shares⁽²⁾

Investment Management Fees	0.71%
12b-1 Fees**	0.25%
Other Expenses	0.36%
Acquired Fund Fees and Expenses	0.01%
Total Operating Expenses	1.33%
Less Expense Waivers and Reimbursements	0.01%
Total Net Operating Expenses	1.32%

AllianceBernstein YPS International Value

<u>Portfolio, Class B</u>	
Investment Management Fees	0.73%
12b-1 Fees**	0.25%
Other Expenses	0.06%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.04%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.04%

EXPENSE RATIOS
(as a percentage of average daily net assets)

Substituted Portfolios
(One year Period Ended 12/31/07)

<u>Lazard Retirement International Equity</u>	
<u>Portfolio, Service Shares</u>	
Investment Management Fees	0.75%
12b-1 Fees**	0.25%
Other Expenses	0.18%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.18%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.18%

MFS Total Return Series,
Service Class⁽³⁾

Investment Management Fees	0.75%
12b-1 Fees**	0.25%
Other Expenses	0.08%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.08%
Less Expense Waivers and Reimbursements	0.03%
Total Net Operating Expenses	1.05%

American Century VP Value Fund, Class I

Investment Management Fees	0.93%
12b-1 Fees**	None
Other Expenses	0.01%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.94%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.94%

FT VIPT Templeton Developing Markets
Securities Fund, Class 1

Investment Management Fees	1.23%
12b-1 Fees**	None
Other Expenses	0.25%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.48%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.48%

Replacement Portfolios
(One Year Period Ended 12/31/07)

<u>AllianceBernstein VPS International Value</u>	
<u>Portfolio, Class B</u>	
Investment Management Fees	0.75%
12b-1 Fees**	0.25%
Other Expenses	0.06%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.06%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.06%

RiverSource VP – Balanced Fund^{*}

Investment Management Fees	0.52%
12b-1 Fees**	0.13%
Other Expenses	0.14%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.79%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.79%

RiverSource VP – Diversified Equity Income
Fund^{*}

Investment Management Fees	0.59%
12b-1 Fees**	0.13%
Other Expenses	0.14%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	0.86%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	0.86%

Threadneedle VP – Emerging Markets Fund^{*}

Investment Management Fees	1.10%
12b-1 Fees [*]	0.13%
Other Expenses	0.26%
Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.49%
Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.49%

EXPENSE RATIOS
(as a percentage of average daily net assets)

<u>Substituted Portfolios</u> <u>(One year Period Ended 12/31/07)</u>		<u>Replacement Portfolios</u> <u>(One Year Period Ended 12/31/07)</u>	
<u>FT VIPT Templeton Foreign Securities Fund,</u>		<u>Evergreen VA International Equity Fund,</u>	
<u>Class 2⁽⁴⁾</u>		<u>Class 2</u>	
Investment Management Fees	0.63%	Investment Management Fees	0.37%
12b-1 Fees**	0.25%	12b-1 Fees**	0.25%
Other Expenses	0.14%	Other Expenses	0.24%
Acquired Fund Fees and Expenses	0.02%	Acquired Fund Fees and Expenses	0.00%
Total Operating Expenses	1.04%	Total Operating Expenses	0.86%
Less Expense Waivers and Reimbursements	0.02%	Less Expense Waivers and Reimbursements	0.00%
Total Net Operating Expenses	1.02%	Total Net Operating Expenses	0.86%

* Management fees include the impact of a performance incentive adjustment fee that increased the management fee by 0.01% for RiverSource Variable Portfolio – Balanced Fund, 0.03% for RiverSource Variable Portfolio – Diversified Equity Income Fund and 0.03% for Threadneedle Variable Portfolio – Emerging Markets Portfolio.

** 12b-1 Fees listed for the Replacement Funds in the above table are the maximum fees authorized by the Plan.

¹ Putnam Management has a contractual agreement to limit expenses through Dec. 31, 2008. After fee waivers and expense reimbursements net expenses would be 1.36% for Putnam VT International New Opportunities Fund – Class IB Shares.

² The Fund's advisor has contractually agreed to waive advisory fees and/or reimburse expenses of Series II shares to the extent necessary to limit total annual expenses (subject to certain exclusions) of Series II shares to 1.45% of average daily net assets. In addition, effective July 1, 2007, AIM contractually agreed to waive 100% of the advisory fee AIM receives from affiliated money market funds on investments by the Fund in such affiliated money market funds. These waiver agreements are in effect through at least April 30, 2009. After fee waivers and expense reimbursements net expenses would be 1.32% for AIM V.I. International Growth Fund, Series II Shares.

³ MFS has agreed in writing to reduce its management fee to 0.65% for MFS Total Return Series annually on average daily net assets in excess of \$3 billion. After fee reductions net expenses would be 1.05% for MFS Total Return Series – Service Class. This written agreement will remain in effect until modified by the Fund's Board of Trustees.

⁴ The manager has agreed in advance to reduce its fee from assets invested by the Fund in a Franklin Templeton money market fund (the acquired fund) to the extent that the Fund's fees and expenses are due to those of the acquired fund. This reduction is required by the Trust's board of trustees and an exemptive order by the Securities and Exchange Commission; this arrangement will continue as long as the exemptive order is relied upon. After fee reductions net expenses would be 1.02% for FTVIPT Templeton Foreign Securities Fund – Class 2.

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26. Applicants represent that the Substitutions proposed herein are part of an overall business goal of the Companies to make the Contracts more attractive to Contract owners by providing a diverse array of investment options that are neither redundant nor duplicative in terms of the investment types and styles of the mutual funds underlying such options. The Companies believe that a more concentrated and streamlined array of

investment options could result in increased operational and administrative efficiencies and economies of scale for the Companies. The Companies also believe that Contracts that offer too many similar investment options may be unnecessarily confusing to Contract owners and may increase the Companies' costs of administering the Contracts.

27. Applicants represent that the Companies chose the Replacement

Portfolios with the goal of ensuring that Contract owners would be provided with similar investment options under their Contracts following the Substitutions, based on an analysis of investment objectives, strategies, risks, performance, fees and expenses.

28. Applicants represent that for all but one Substitution, the expense ratio of the Replacement Portfolio is lower than that of the corresponding Substituted Portfolio. Applicants also represent that for a vast majority of the

Substitutions, the Replacement Portfolio is larger than or of a comparable size to the corresponding Substituted Portfolio. Applicants note that a high level of assets means various fund costs (such as legal, accounting, printing and trustee fees) are spread over a larger base, with each Contract owner potentially bearing a smaller portion of the cost than would be the case if the Replacement Portfolio were smaller in size. Applicants also note that for many of the Replacement Portfolios, assets will increase as a result of the Substitutions, in some cases significantly, and thus it is anticipated that with such an increase, operating expenses will decrease.

29. Ultimately, given all of the factors discussed above, the Companies concluded that the Substituted Portfolios offered under the Contracts warranted replacement. Accordingly, the Applicants seek the Commission's approval under Section 26(c) to engage in the substitution transactions described below.

30. The Companies will effect the Substitutions following the issuance of the requested order as follows. As of the effective date of the Substitutions ("Effective Date"), each Separate Account will either redeem shares of the applicable Substituted Portfolios in-kind or the Substituted Portfolios will liquidate portfolio securities as necessary and shares of the Replacement portfolio will be purchased with cash. In either event, the proceeds of such redemptions will then be used to purchase shares of the corresponding class of the Replacement Portfolio, with each subaccount of the applicable Separate Account investing the proceeds of its redemption from the Substituted Portfolios in the applicable class of the Replacement Portfolio.

31. Redemption requests and purchase orders will be placed simultaneously so that contract values will remain fully invested at all times. All redemptions of shares of the Substituted Portfolios and purchases of shares of the Replacement Portfolio will be effected in accordance with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder.

32. The Substitutions will take place at relative net asset value as of the Effective Date with no change in the amount of any Contract owner's contract value or death benefit or in the dollar value of his or her investments in any of the subaccounts. Contract owners will not incur any additional fees or charges as a result of the Substitutions, nor will their rights or the Companies' obligations under the Contracts be altered in any way, and the Substitutions will not change Contract

owners' insurance benefits under the Contracts. All expenses incurred in connection with the Substitutions, including legal, accounting, transactional, and other fees and expenses, including brokerage commissions, will be paid by RiverSource Life or RiverSource Life of NY. In addition, the Substitutions will not impose any tax liability on Contract owners. The Substitutions will not cause the Contract fees and charges currently paid by existing Contract owners to be greater after the Substitutions than before the Substitutions. Neither RiverSource Life nor RiverSource Life of NY will exercise any right it may have under the Contracts to impose restrictions on transfers under the Contracts for a period of at least thirty (30) days following the Substitutions. The only exception to this would be restrictions that RiverSource Life or RiverSource Life of NY may impose to prevent or restrict "market timing" activities by Contract owners or their agents.

33. The Companies represent that, with respect to Contracts outstanding on the Effective Date, the Companies will reimburse, on the last business day of each fiscal period (not to exceed a fiscal quarter), during the twenty-four months following the Effective Date, the subaccounts investing in each applicable Replacement Portfolio to the extent that the sum of the Replacement Portfolio's net operating expenses (taking into account any expense waiver or reimbursement) and the Separate Account expenses for such period exceed, on an annualized basis, the sum of the corresponding Substituted Portfolio's net operating expenses (taking into account any expense waiver or reimbursement) and the Separate Account expenses for the fiscal year ended December 31, 2007. In addition, for twenty-four months following the Effective Date, the Companies will not increase asset-based fees or charges for Contracts outstanding on the Effective Date.

34. Applicants represent that the procedures to be implemented are sufficient to assure that each Contract owner's cash values immediately after the Substitutions shall be equal to the cash value immediately before the Substitutions.

35. Applicants represent that under the Manager of Managers Order applicable to the RiverSource Funds, a vote of the shareholders is not necessary to change a subadviser of the applicable Replacement Portfolio, except for changes involving an affiliated subadviser. Notwithstanding, after the Effective Date of the Substitutions, the

Applicants agree not to change the Replacement Portfolio's subadviser, add a new subadviser, or otherwise rely on the Manager of Managers Order without first obtaining shareholder approval of either the subadviser change or the Replacement Portfolio's continued ability to rely on the Manager of Managers Order.

36. Applicants note that Contract owners were notified of the initial application by means of a prospectus supplement for each of the Contracts stating that the Applicants filed the initial application and seek approval for the Substitutions ("Pre-Substitution Notice"). The Pre-Substitution Notice set forth the anticipated Effective Date and advised Contract owners that contract values attributable to investments in the Substituted Portfolios will be transferred to the Replacement Portfolio, without charge (including sales charges or surrender charges) and without counting toward the number of transfers that may be permitted without charge, on the Effective Date. The Pre-Substitution Notice stated that, from the date the initial application was filed with the Commission through the date thirty (30) days after the Substitutions, Contract owners may make one transfer of contract value from the subaccounts investing in the Substituted Portfolios (before the Substitutions) or the Replacement Portfolio (after the Substitutions) to one or more other subaccount(s) without charge (including sales charges or surrender charges) and without that transfer counting against their contractual transfer limitations.

37. Applicants represent that all Contract owners will have received a copy of the most recent Replacement Portfolio prospectus prior to the Substitutions.

38. Applicants represent that within five (5) days following the Substitutions, Contract owners affected by the Substitutions will be notified in writing that the Substitutions were carried out. This notice will restate the information set forth in the Pre-Substitution Notice.

Applicants' Legal Analysis

1. Section 26(c) of the 1940 Act (formerly, Section 26(b)) prohibits any depositor or trustee of a unit investment trust that invests exclusively in the securities of a single issuer from substituting the securities of another issuer without the approval of the Commission. Section 26(c) provides that such approval shall be granted by order of the Commission, if the evidence establishes that the substitution is consistent with the protection of

investors and the purposes of the 1940 Act.

2. Section 26(c) was intended to provide for Commission scrutiny of proposed substitutions which could, in effect, force shareholders dissatisfied with the substitute security to redeem their shares, thereby possibly incurring a loss of the sales load deducted from initial premium, an additional sales load upon reinvestment of the proceeds of redemption, or both. The section was designed to forestall the ability of a depositor to present holders of interest in a unit investment trust with situations in which a holder's only choice would be to continue an investment in an unsuitable underlying security, or to elect a costly and, in effect, forced redemption. For the reasons described below, the Applicants submit that the Substitutions meet the standards set forth in Section 26(c) and that, if implemented, the Substitutions would not raise any of the aforementioned concerns that Congress intended to address when the 1940 Act was amended to include this provision. In addition, the Applicants submit that the proposed Substitutions meet the standards that the Commission and its Staff have applied to substitutions that have been approved in the past.

3. The replacement of the Substituted Portfolios with the Replacement Portfolio is consistent with the protection of Contract owners and the purposes fairly intended by the policy and provisions of the 1940 Act and, thus, meets the standards necessary to support an order pursuant to Section 26(c) of the 1940 Act.

4. Although not always identical, the investment objectives and principal investment strategies of the Replacement Portfolio are substantially similar to those of the corresponding Substituted Portfolio.

5. The total operating expenses, prior to expense waivers and reimbursements, of the applicable class of the Replacement Portfolios were lower than those of the corresponding Substituted Portfolio as a December 31, 2007, except for the Threadneedle VP—Emerging Markets Fund, which has slightly higher total net operating expenses than the FTVIPT Templeton Developing Markets Securities Fund, Class 1. For a two-year period following the date of the Substitutions the Companies will ensure that total net operating expenses of the applicable class of all Replacement Portfolios, together with Separate Account expenses, will not exceed, on an annualized basis, the total net operating expenses of the corresponding Substituted Portfolio, together with

Separate Account expenses, as of December 31, 2007.

6. Applicants request an order of the Commission pursuant to Section 26(c) of the 1940 Act approving the Substitutions. The Applicants submit that, for all the reasons stated above, the Substitutions are consistent with the protection of investors and the purposes fairly intended by the policy of the Contracts and provisions of the 1940 Act.

7. The Section 17(b) Applicants also request that the Commission issue an order pursuant to Section 17(b) of the 1940 Act exempting them from Section 17(a) of the 1940 Act to the extent necessary to permit RiverSource Life or RiverSource Life of NY to carry out the Substitutions by redeeming shares issued by the Substituted Portfolios in-kind and using the distributed securities to purchase shares issued by the applicable Replacement Portfolios.

8. Section 17(a)(1) and (a)(2) of the 1940 Act generally prohibit any affiliated person of a registered investment company, or any affiliated person of an affiliated person, from selling any security or other property to such registered investment company and from purchasing any security or other property from such registered investment company. As described below, RiverSource Life and RiverSource Life of NY anticipate that the Substitutions will be done (in whole or in part) by redeeming shares of the Substituted Portfolios in-kind rather than in cash and then using those assets to purchase shares of the Replacement Portfolio. Redemptions and purchases in-kind involve the purchase of property from a registered investment company and the sale of property to a registered investment company by RiverSource Life, RiverSource Life of NY, and RiverSource Funds, each arguably an affiliated person of those investment companies.

9. Pursuant to Section 17(a)(1) of the 1940 Act, the Section 17(b) Applicants may be considered affiliates of one or more of the Replacement Portfolios involved in such Substitutions, based upon the definition of "affiliated person" under Section 2(a)(3) of the 1940 Act. In addition to the Companies' affiliation with each Replacement Portfolio of the RiverSource Funds, the Companies, through their Separate Accounts, in the aggregate own 5% or more of the outstanding shares of the following Replacement Portfolios: AllianceBernstein VPS International Value Portfolio and Evergreen VA International Equity Fund. Therefore, arguably each Company is an affiliated person of these Replacement Portfolios.

Because the Substitutions involving these Replacement Portfolios and the Replacement Portfolios of the RiverSource Funds may be effected, in whole or in part, by means of in-kind redemptions and subsequent purchases of shares, and also by means of in-kind transactions, these Substitutions may be deemed to involve one or more purchases or sales of securities or property between affiliates.

10. Section 17(b) of the 1940 Act provides that the Commission may, upon application, grant an order exempting any transaction from the prohibitions of Section 17(a) if the 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; (2) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and records filed under the 1940 Act; and (3) the proposed transaction is consistent with the general purposes of the 1940 Act.

11. Rule 17a-7 under the 1940 Act exempts from Section 17(a), subject to certain enumerated conditions, a purchase or sale transaction between registered investment companies or separate series of registered investment companies, which are affiliated persons, or affiliated persons of affiliated persons, of each other, between separate series of a registered investment company, or between a registered investment company or a separate series of a registered investment company and a person which is an affiliated person of such registered investment company (or affiliated person of such person) solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors, and/or common officers.

12. The Section 17(b) Applicants submit that the terms of the Substitutions, including the consideration to be paid and received, as described in the Application, are reasonable and fair and do not involve overreaching on the part of any person concerned. The Section 17(b) Applicants also submit that the Substitutions are consistent with the policies of the applicable fund companies and their portfolios, as recited in the current registration statements and reports filed by them under the 1940 Act. Finally, the Section 17(b) Applicants submit that the proposed Substitutions are consistent with the general purposes of the 1940 Act.

13. RiverSource Life and RiverSource Life of NY assert that the terms under which the in-kind redemptions and purchases will be effected are reasonable and fair and do not involve overreaching on the part of any person principally because the applicable Substitutions will comply in substance with all but one of the principal conditions enumerated in Rule 17a-7. The use of in-kind transactions will not cause Contract owner interests to be diluted. The proposed transactions will take place at relative net asset value as of the Effective Date in conformity with the requirements of Section 22(c) of the 1940 Act and Rule 22c-1 thereunder with no change in the amount of any Contract owner's contract value or death benefit or in the dollar value of his or her investment in any of the Separate Accounts. Contract owners will not suffer any adverse tax consequences as a result of the Substitutions. Fees and charges under the Contracts will not increase because of the Substitutions.

14. Even though the Section 17(b) Applicants may not rely on Rule 17a-7 because they cannot meet all of its conditions, the Section 17(b) Applicants submit that the Rule's conditions outline the type of safeguards that result in transactions that are fair and reasonable to registered investment company participants and preclude overreaching in connection with an investment company by its affiliated persons. The Section 17(b) Applicants will carry out the proposed in-kind purchases in conformity with all of the conditions of Rule 17a-7 and the procedures adopted thereunder, except that the consideration paid for the securities being purchased or sold may not be entirely cash. Nevertheless, the circumstances surrounding the proposed Substitutions will be such as to offer the same degree of protection to the Replacement Portfolio from overreaching that Rule 17a-7 provides to it generally in connection with its purchase and sale of securities under that Rule in the ordinary course of its business.

15. In particular, the proposed Substitutions will not be effected at a price that is disadvantageous to the Substituted Portfolios or the Replacement Portfolios. Although the Substitutions may not be entirely for cash, each will be effected based upon (1) the independent market price of the portfolio securities valued as specified in paragraph (b) of Rule 17a-7, and (2) the net asset value per share of each Portfolio involved valued in accordance with the procedures disclosed in its registration statement and as required by Rule 22c-1 under the 1940 Act.

Moreover, consistent with Rule 17a-7(d), no brokerage commissions, fees, or other remuneration will be paid in connection with the in-kind transactions. All in-kind redemptions from a Substituted Portfolio of which any of the Substitution Applicants is an affiliated person will be effected in accordance with the conditions set forth in the Commission's no-action letter issued to *Signature Financial Group, Inc.* (available December 28, 1999).

16. Consistent with Section 17(b) and Rule 17a-7(c), any in-kind redemptions and purchases for purposes of the Substitutions will be transacted in a manner consistent with the investment objectives and policies of the applicable Substituted Portfolios and the Replacement Portfolios, as recited in their registration statements. The adviser or any subadviser to each Replacement Portfolio will review the securities holdings of the Substituted Portfolios to determine whether their portfolio holdings would be suitable investments for the corresponding Replacement Portfolio in the overall context of that Portfolio's investment objectives and policies and consistent with the management of that Portfolio. The adviser or any subadviser to each Replacement Portfolio will conduct its review of the Substituted Portfolios' securities holdings in the same manner that a board of directors would normally follow in accordance with Rule 17a-7. The adviser or any subadviser to each Replacement Portfolio will only accept those securities as consideration for its shares that it would have acquired in a cash transaction. The Section 17(b) Applicants state that securities to be paid out as redemption proceeds and subsequently contributed to the Replacement Portfolios to effect the contemplated in-kind purchases of shares will be valued based on the normal valuation procedures of the redeeming and purchasing Portfolios. The redeeming and purchasing values will be the same. If the adviser or any subadviser to any Replacement Portfolio declines to accept particular portfolio securities of the corresponding Substituted Portfolio for purchase in-kind of shares of that corresponding Portfolio, the applicable Substituted Portfolio will liquidate portfolio securities as necessary and shares of the corresponding Replacement Portfolio will be purchased with cash.

17. Applicants represent that the Substitutions, as described herein, are consistent with the general purposes of the 1940 Act as stated in the Findings and Declaration of Policy in Section 1 of the 1940 Act. The proposed transactions do not present any of the

conditions or abuses that the 1940 Act was designed to prevent. Securities to be paid out as redemption proceeds and subsequently contributed to the Replacement Portfolio to effect the contemplated in-kind purchases of shares will be valued based on the normal valuation procedures of the redeeming Substituted Portfolios and purchasing Replacement Portfolio. Therefore, there will be no change in value to any Contract owner as a result of the Substitutions. The Commission has granted relief to others based on similar facts.

18. The Section 17(b) Applicants request an order of the Commission pursuant to Section 17(b) of the 1940 Act exempting them from Section 17(a) of the 1940 Act to the extent necessary to permit the Companies to carry out certain of the Substitutions by redeeming shares issued by each applicable Substituted Portfolio in-kind and using the securities distributed as redemption proceeds to purchase shares issued by the applicable Replacement Portfolios. The Section 17(b) Applicants submit that, for all of the reasons stated above, the terms of the proposed in-kind redemptions and purchases, including the consideration to be paid or received, are reasonable and fair to Contract owners and do not involve overreaching on the part of any person; and furthermore, granting the relief required herein for the proposed Substitutions that may be effected by means of in-kind redemptions and purchases of shares is appropriate, in the public interest, and consistent with the policies of each Portfolio and the general purposes of the 1940 Act.

Applicants' Conditions

For purposes of the approval sought pursuant to Section 26(c) of the 1940 Act, the Substitutions described in the application will not be completed unless all of the following conditions, and all other conditions and representations set forth in the Application, are met:

1. The Commission shall have issued an order (i) approving the Substitutions under Section 26(c) of the 1940 Act as necessary to carry out the transactions described in the application; and (ii) exempting any in-kind redemptions and purchases from the provisions of Section 17(a) of the 1940 Act as necessary to carry out the transactions described in the application.

2. Each Contract owner will have been sent (i) prior to the Effective Date, a copy of the effective prospectus for the Replacement Portfolio, (ii) prior to the Effective Date, a Pre-Substitution Notice describing the terms of the Substitutions

and the rights of the Contract owners in connection with the Substitutions, and (iii) within five (5) days after the Substitutions occur, a notice informing Contract owners affected by the Substitutions that the Substitutions were carried out and restating the information set forth in the Pre-Substitution Notice.

3. The Companies shall have satisfied themselves that (i) the Contracts allow the substitution of the Portfolios in the manner contemplated by the Substitutions and related transactions described herein, (ii) the transactions can be consummated as described in the application under applicable insurance laws, and (iii) any applicable regulatory requirements in each jurisdiction where the Contracts are qualified for sale have been complied with to the extent necessary to complete the transaction.

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

Florence E. Harmon,

Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-59052; File No. SR-CBOE-2008-119]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend CBOE Rules Relating to Appointment Costs

December 4, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 25, 2008, the Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend CBOE rules relating to appointment costs in connection with CBOE's decision to trade OEX on the Hybrid Trading System. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.org/legal>), at the Exchange's Office of the Secretary and at the Commission's Public Reference Room.

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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The purpose of this rule change is to amend CBOE Rule 8.3 relating to the appointment costs for the OEX and XEO option classes, in connection with CBOE's decision to trade OEX on the Hybrid Trading System, and not on the Hybrid 3.0 Platform. Specifically, CBOE proposes to lower the appointment cost of OEX from .75 to .40, and lower the appointment cost of XEO from .25 to .10. The changes to the appointment costs would be effective December 9, 2008, which coincides with the date CBOE intends to trade OEX on the Hybrid Trading System. OEX would be placed in the AA Tier, which tier holds all option classes which have a fixed appointment cost. The tables in paragraphs (c)(i) and (c)(iii) of Rule 8.3 would be amended to reflect these proposed changes.

CBOE believes that amending the appointment costs of OEX and XEO as proposed promotes competition and efficiency, as members then could utilize the excess membership capacity to hold an appointment and quote electronically in additional Hybrid option classes.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act. Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(5) of the Act's⁵ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, in that lowering the appointment cost of OEX and XEO promotes competition and efficiency, as members then could utilize the excess membership capacity to hold an appointment and quote electronically in additional Hybrid option classes.

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

CBOE does not believe that the proposed rule change will impose any burden on competition 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 neither solicited nor received comments on the proposal.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁶ and Rule 19b-4(f)(6) thereunder.⁷

CBOE has asked the Commission to waive the 30-day operative delay. The Commission hereby grants the Exchange's request and believes that such waiver is consistent with the protection of investors and the public interest. Allowing CBOE to lower the appointment cost of OEX and XEO does not raise any novel or significant regulatory issues and should promote competition and efficiency by allowing

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(6). The Commission notes that CBOE has satisfied the five-day pre-filing notice requirement.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).