

collected by amendment to the initial Form CA-1 when a material change in circumstance necessitates modification of the information previously provided to the Commission.

The Commission uses the information disclosed on Form CA-1 to (i) determine whether an applicant meets the standards for registration set forth in Section 17A of the Act, (ii) enforce compliance with the Act's registration requirement, and (iii) provide information about specific registered clearing agencies for compliance and investigatory purposes. Without Rule 17Ab2-1, the Commission could not perform these duties as statutorily required.

There are currently thirteen registered clearing agencies and one clearing agency that has been granted an exemption from registration. The Commission staff estimates that each initial Form CA-1 requires approximately 130 hours to complete and submit for approval. Hours required for amendments to Form CA-1 that must be submitted to the Commission in connection with material changes to the initial Form CA-1 can vary, depending upon the nature and extent of the amendment. Since the Commission only receives an average of one submission per year, the aggregate annual burden associated with compliance with rule 17Ab2-1 and Form CA-1 is 130 hours. Based upon the staff's experience, the average cost to clearing agencies of preparing and filing the initial Form CA-1 is estimated to be \$15,000.

Subsection (c)(3)(C) of Section 17A of the Act authorizes transfer agents registered with an appropriate regulatory agency ("ARA") to withdraw from registration by filing with the ARA a written notice of withdrawal and by agreeing to such terms and conditions as the ARA deems necessary or appropriate in the public interest, for the protection of investors, or in furtherance of the purposes of Section 17A.

In order to implement Section 17A(c)(3)(C) of the Act the Commission, on September 1, 1977, promulgated Rule 17Ac3-1(a) and accompanying Form TA-W. Rule 17Ac3-1(a) provides that notice of withdrawal from registration as a transfer agent with the Commission shall be filed on Form TA-W. Form TA-W requires the withdrawing transfer agent to provide the Commission with certain information, including: (1) the locations where transfer agent activities are or were performed; (2) the reasons for ceasing the performance of such activities; (3) disclosure of unsatisfied

judgments or liens; and (4) information regarding successor transfer agents.

The Commission uses the information disclosed on Form TA-W to determine whether the registered transfer agent applying for withdrawal from registration as a transfer agent should be allowed to deregister and, if so, whether the Commission should attach to the granting of the application any terms or conditions necessary or appropriate in the public interest, for the protection of investors, or in furtherance of the purposes of Section 17A of the Act. Without Rule 17Ac3-1(a) and Form TA-W, transfer agents registered with the Commission would not have a means for voluntary deregistration when necessary or appropriate to do so.

Respondents file approximately thirty Form TA-Ws with the Commission annually. The filing of a Form TA-W occurs only once, when a transfer agent is seeking deregistration. In view of the ready availability of the information requested by Form TA-W, its short and simple presentation, and the Commission's experience with the Form, we estimate that approximately one half hour is required to complete Form TA-W, including clerical time. Thus, the total burden of fifteen hours of preparation for all transfer agents seeking deregistration in any one year is negligible.

The Commission estimates a cost of approximately \$30 for each half hour required to complete a Form TA-W. Therefore, based upon a total of fifteen hours, transfer agents spend approximately \$900 each year to complete thirty Form TA-Ws.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

General comments regarding the estimated burden hours should be directed to the Desk Officer for the Securities and Exchange Commission at the address below. Any comments concerning the accuracy of the estimated average burden hours for

compliance with Commission rules and forms should be directed to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 and Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, D.C. 20503.

Dated: July 29, 1996.
Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 96-19837 Filed 8-2-96; 8:45 am]
BILLING CODE 8010-01-M

[Rel. No. IC-22109; File No. 812-9672]

Allstate Life Insurance Company of New York, et al.

July 30, 1996.

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

ACTION: Notice of Application for Exemptions under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Allstate Life Insurance Company of New York (the "Company"), Allstate Life of New York Separate Account A (the "Variable Account"), and Allstate Life Financial Services, Inc. ("ALFS").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek an order permitting the Company to deduct a mortality and expense risk charge from: (i) the assets of the Variable Account in connection with the offer and sale of certain flexible premium deferred variable annuity certificates (the "Contracts") and any contracts offered in the future ("Future Contracts") by the Company which are materially similar to the Contracts; and (ii) the assets of any other variable accounts established in the future ("Future Accounts") by the Company, in connection with the offer and sale of Future Contracts. Applicants propose that the order extend to any broker-dealer ("Other Broker-Dealers") which may serve in the future as principal underwriter with respect to the Contracts or Future Contracts.

FILING DATE: The application was filed June 7, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be

issued unless the Commission orders a hearing. Interested persons may request a hearing on this application by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on August 26, 1996, and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, by certificate of service. Hearing requests should state the nature of the interest, the reason for the request, and the issues contested. Persons may request notification of the date of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, DC 20549. Applicants, c/o David E. Stone, Esq., Allstate Life Insurance Company of New York, 3100 Sanders Road, Northbrook, Illinois 60062.

FOR FURTHER INFORMATION CONTACT: Peter R. Marcin, Law Clerk, or Wendy Finck Friedlander, Deputy Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: Following is a summary of the application. The complete application is available for a fee from the Public Reference Branch of the SEC.

Applicants' Representations

1. The Company, a stock life insurance company incorporated in New York, is a wholly-owned subsidiary of Allstate Life Insurance Company ("Allstate Life"), a stock life insurance company incorporated in Illinois, which is wholly owned by Allstate Insurance Company ("Allstate"), a stock property-liability insurance company incorporated under the laws of Illinois.

2. The Company established the Variable Account under New York law on December 22, 1995 to fund variable annuity contracts. The Variable Account is registered under the 1940 Act as a unit investment trust.

3. The Variable Account is currently divided into nine sub-accounts. Each sub-account will invest exclusively in the shares of a designated investment portfolio (each, a "Portfolio") of AIM Variable Insurance Funds, Inc. (the "Fund"). The Company, in the future, may establish additional sub-accounts to invest in other Portfolios of the Fund or in other funds. The Company also may establish Future Accounts to support Future Contracts.

4. ALFS, a wholly owned subsidiary of Allstate Life, will serve as the distributor and principal underwriter

for the Contracts. ALFS is registered with the Commission under the Securities Exchange Act of 1934 as a broker-dealer and is a member of the National Association of Securities Dealers, Inc.

5. The Contracts are designed for use by individuals in retirement plans that qualify for special federal income tax treatment under Sections 401, 403, 408, or 457 of the Internal Revenue Code ("Qualified Plans") and in retirement plans that do not qualify for special tax treatment under those sections.

Contract owners may allocate premium payments to one or more sub-accounts of the Variable Account or to the Company's general account ("Fixed Account"). The Contracts require a minimum initial premium payment of \$5,000 (\$2,000 in the case of a Qualified Plan). Subsequent premium payments must be at least \$500 and may be made at any time prior to the date on which income payments begin ("Payout Start Date"). Under an automatic additions program, however, the minimum purchase payment for allocation to the Variable Account is \$100 and, for allocation to the Fixed Account, the minimum purchase payment is \$500.

6. The Contracts provide for a guaranteed death benefit. If the Contract owner dies before the annuity date, the Company will pay a death benefit to the beneficiary, upon receipt of due proof of death and a payment election. The death benefit is based on the largest of the following amounts: (a) the Contract value on the date the Company determines the death benefit; (b) the amount that would have been payable in the event of a full withdrawal of the Contract value on the date the Company determines the death benefit; (c) the Contract value on every seventh Contract anniversary beginning on the date the Contract was issued immediately preceding the date the Company determines the death benefit, adjusted by any purchase payments, withdrawals and charges made between such death benefit anniversary and the date the Company determines the death benefit; or (d) an enhanced death benefit equal to the greatest of the anniversary values as of the date the Company determines the death benefit. The anniversary value is equal to the Contract value on a Contract anniversary, increased by purchase payments made since that anniversary and reduced by the amount of any partial withdrawals since that anniversary. Anniversary values will be calculated for each Contract anniversary prior to the earlier of (i) the date the death benefit is determined and (ii) the date the deceased attained age 75 or 5

years after the date the Contract was established, if later.

7. The Company reserves the right to assess a \$10 charge on each transfer in excess of twelve per Contract year, excluding transfers through dollar cost averaging¹ and automatic fund rebalancing.²

8. The Company will deduct an administrative expense charge from the assets of the Separate Account that is equal, on an annual basis, to 0.10% of the daily net assets allocated to the sub-accounts of the Variable Account.

9. An annual Contract maintenance charge of \$35 per Contract year will be charged when Contract value is less than \$50,000 at the time of the deduction.

10. Applicants represent that the administrative expense charge and the annual Contract maintenance charge will not increase. In addition, Applicants represent that these charges are deducted in reliance on Rule 26a-1 under the 1940 Act.

11. No deductions are made from purchase payments. There are no withdrawal charges on amounts withdrawn up to 10% of the amount of purchase payments per Contract year, but amounts withdrawn in excess of this may be subject to a withdrawal charge, depending on the payment year in which the withdrawal is made, at a maximum rate of 7% of purchase payments withdrawn, declining at a rate of 1% per year until the eighth year when the rate is 0%.

12. The Company will deduct a mortality and expense risk charge that is equal, on an annual basis, to 1.35% (including 0.10% for the enhanced death benefit) of the daily net assets allocated to the sub-accounts of the Variable Account. Applicants state that approximately 0.95% of the 1.35% charge is attributable to mortality risk, and approximately 0.40% is attributable to expense risk. The mortality and expense risk charge is guaranteed not to increase over the life of the Contract.

13. The mortality risk arises from the Company's guarantee to cover all death benefits and to make income payments in accordance with the income plan

¹ Dollar cost averaging permits the Owner to transfer a specified amount every month from the one year guarantee period sub-account of the Fixed Account to any sub-account of the Variable Account. Dollar cost averaging cannot be used to transfer amounts to the Fixed Account.

² Automatic fund rebalancing allows all of the money allocated to sub-accounts of the Variable Account to be rebalanced to the desired allocation on a quarterly basis, determined from the first date that the owner decides to rebalance. Each quarter, money will be transferred among sub-accounts of the Variable Account to achieve the desired allocation.

selected and income payment tables in the Contract. The expense risk arises from the possibility that the Contract maintenance and administrative expense charges will be insufficient to cover actual administrative expenses.

14. If the mortality and expense risk charge is insufficient to cover the actual costs of the risks assumed, the Company will bear the loss. If the charge exceeds actual costs, this excess will be profit to the Company and will be available for any corporate purpose, including payment of expenses relating to the distribution of the Contracts. The Company expects a profit from the mortality and expense risk charge.

15. The Company may incur premium taxes relating to the Contracts, currently ranging up to 3.5%, and will deduct these taxes either at the Payout Start Date or upon surrender of the Contract.

Applicants' Legal Analysis and Conditions

1. Section 6(c) of the 1940 Act authorizes the Commission to exempt any person, security or transaction, or any class or classes of persons, securities or transaction, from the provisions of the 1940 Act and the rules promulgated thereunder if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified bank as trustee or custodian and held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services of a character normally performed by the bank itself.

3. Applicants request an order of the Commission under Section 6(c) of the 1940 Act granting exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of a mortality and expense risk charge from: (i) the assets of the Variable Account in connection with the offer and sale of Contracts and Future Contracts; and (ii) the assets of any Future Account, in connection with the offer and sale of Future Contracts. Applicants propose that the order extend to Other Broker-Dealers which

may serve in the future as principal underwriter for the Contracts or Future Contracts. Applicants assert that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

4. Applicants assert that the relief would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources. Applicants submit that the delay and expense involved in having to seek exemptive relief repeatedly would impair the ability of the Company to take advantage effectively of business opportunities as those opportunities arise, and would not provide any additional benefit or protection to Contract owners. Indeed, Contract owners may be disadvantaged as a result of additional overhead costs incurred by the Applicants, any Future Account, or Other Broker-Dealers.

5. Applicants assert that the 1.25% mortality and expense risks charge (excluding the 0.10% risk charge for the enhanced death benefit) to be assessed under the Contracts and Future Contracts is within the range of industry practice for comparable variable annuity products. Applicants represent that this determination is based upon Applicants' analysis of publicly available information about similar industry products, taking into consideration such factors as: annuity purchase rate guarantees, death benefit guarantees, other contract charges, the frequency of charges, the administrative services performed by the company with respect to the contracts, the means of promotion, the market for the contracts, investment options under the contracts, purchase payment transfer, dollar cost averaging and portfolio rebalancing features, and the tax status of the features. Applicants represent that the Company will maintain at its home office, and make available to the Commission upon request, a memorandum detailing the methodology used in, and the results of, the Applicants' comparative survey.

6. The Company also represents that the mortality risk charge of 0.10% imposed on the Contracts for the enhanced death benefit is reasonable in relation to the risks assumed by the Company under the Contracts. In arriving at this determination, the Company conducted a large number of trials at various issue ages to determine the expected cost of the enhanced death benefit.

First, hypothetical asset returns were projected using generally accepted actuarial simulation methods. For each asset return pattern thus generated, hypothetical accumulated values were calculated by applying the projected asset returns to the initial value in a hypothetical account. Each accumulated value so calculated was then compared to the amount of the enhanced death benefit payable in the event of the hypothetical Contract owner's death during the year in question. By analyzing the results of several thousand such simulations, the Company was able to determine actuarially the level cost of providing the enhanced death benefit. Based on this analysis, the Company determined that a mortality risk charge of 0.10% was a reasonable charge for providing the enhanced death benefit. Applicants represent that the Company will maintain at its home office, and make available to the Commission upon request, a memorandum detailing the methodology used in, and the results of, the Applicants' comparative survey.

7. Applicants acknowledge that the withdrawal charge may be insufficient to cover all costs relating to the distribution of the Contracts. To the extent distribution costs are not covered by the withdrawal charge, the Company will recover its distribution costs from the assets of the general account. Those assets may include that portion of the mortality and expense risk charge which is profit to the Company.

8. Applicants represent that the Company has concluded that there is a reasonable likelihood that the distribution financing arrangement proposed under the Contracts and Future Contracts will benefit the Variable Account, the Future Accounts, Contract owners, and Future Contract owners. The basis for these conclusions is set forth in a memorandum which will be maintained by the Company at its home office and will be made available to the Commission upon request.

9. The Company represents that the Variable Account and any Future Account will invest only in open-end management investment companies which undertake, in the event companies should adopt a plan for financing distribution expenses pursuant to Rule 12b-1 under the 1940 Act, to have such plan formulated and approved by the company's board of directors/trustees, a majority of whom are not interested persons of the Company.

Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-19841 Filed 8-2-96; 8:45 am]

BILLING CODE 8010-01-M

[Investment Company Act Release No. 22107; 812-9956]

Daily Money Fund, et al.; Notice of Application

July 29, 1996.

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

ACTION: Notice of Application for an Order under the Investment Company Act of 1940 (the "Act").

APPLICANTS: Daily Money Fund, Daily Tax-Exempt Money Fund, Fidelity Advisor Series I, Fidelity Advisor Series II, Fidelity Advisor Series III, Fidelity Advisor Series IV, Fidelity Advisor Series V, Fidelity Advisor Series VI, Fidelity Advisor Series VII, Fidelity Advisor Series VIII, Fidelity Advisor Annuity Fund, Fidelity Beacon Street Trust, Fidelity Boston Street Trust, Fidelity California Municipal Trust, Fidelity California Municipal Trust II, Fidelity Capital Trust, Fidelity Charles Street Trust, Fidelity Commonwealth Trust, Fidelity Congress Street Fund, Fidelity Contrafund, Fidelity Court Street Trust, Fidelity Court Street Trust II, Fidelity Destiny Portfolios, Fidelity Deutsche Mark Performance Portfolio, L.P., Fidelity Devonshire Trust, Fidelity Exchange Fund, Fidelity Financial Trust, Fidelity Fixed-Income Trust, Fidelity Government Securities Fund, Fidelity Hastings Street Trust, Fidelity Hereford Street Trust, Fidelity Income Fund, Fidelity Institutional Cash Portfolios, Fidelity Institutional Tax-Exempt Cash Portfolios, Fidelity Institutional Investors Trust, Fidelity Institutional Trust, Fidelity Investment Trust, Fidelity Magellan Fund, Fidelity Massachusetts Municipal Trust, Fidelity Money Market Trust, Fidelity Mt. Vernon Street Trust, Fidelity Municipal Trust, Fidelity Municipal Trust II, Fidelity New York Municipal Trust, Fidelity New York Municipal Trust II,

Fidelity Phillips Street Trust, Fidelity Puritan Trust, Fidelity School Street Trust, Fidelity Securities Fund, Fidelity Select Portfolios, Fidelity Sterling Performance Portfolio, L. P., Fidelity Summer Street Trust, Fidelity Trend Fund, Fidelity Union Street Trust, Fidelity Union Street Trust II, Fidelity U.S. Investments—Bond Fund, L.P., Fidelity U.S. Investments—Government Securities Fund, L.P., Fidelity Yen Performance Portfolio, L.P., Variable Insurance Products Fund, Variable Insurance Products Fund II, Fidelity Management and Research Company ("FMR"), Fidelity Distributors Corporation ("FDC"), National Financial Services Corporation ("NFSC"), Fidelity Management Trust Company ("FMTC"), Strategic Advisers, Inc. ("SAI"), Fidelity Service Company ("FSC"), and Fidelity Investments Institutional Operations Company ("FIIOC").

RELEVANT ACT SECTIONS: Order of exemption requested pursuant to section 6(c) of the Act from section 12(d)(1) of the Act, pursuant to sections 6(c) and 17(b) of the Act from section 17(a) of the Act, and pursuant to rule 17d-1 under the Act permitting certain joint transactions in accordance with section 17(d) of the Act and rule 17d-1 thereunder.

SUMMARY OF APPLICATION: The requested order would permit applicants to create one or more Fidelity "fund of funds."

FILING DATES: The application was filed on January 23, 1996, and amended on May 31, 1996 and on July 25, 1996.

Applicants agree to file an additional amendment, the substance of which is incorporated herein, during the notice period.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 23, 1996, 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 SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 82 Devonshire Street, Boston, Massachusetts 02109.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at

(202) 942-0573, or Robert A. Robertson, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. Applicants propose to organize one or more "fund of funds" (each a "Top Fund") which will be an open-end management investment company organized as a Massachusetts or Delaware business trust. A Top Fund will initially have one or more series ("Top Portfolio") and may organize additional Top Portfolios in the future. Each Top Portfolio may issue multiple classes of shares.

2. Each Top Portfolio may invest in shares of Fidelity open-end management investment companies ("Underlying Funds") and their series ("Underlying Portfolios") representing one or more of the following asset groups: the Equity Group, the Fixed Income Group, and the Money Market Group ("Investment Groups"). Investment Groups may be added or deleted at any time. Top Portfolios also may invest in Central Funds (as defined below), and directly in stocks, bonds, and liquid money market instruments, including pooled accounts of such instruments for which the investment adviser has obtained a SEC exemptive order ("money market instruments").¹

3. The Underlying Funds are open-end management investment companies registered under the Act. Each Underlying Funds may have one or more Underlying Portfolios and each Underlying Portfolio may issue multiple classes of shares. Top Portfolio shares and Underlying Portfolio shares may be subject to sales charges, including front-end and deferred sales charges, redemption fees, services fees, and rule 12b-1 fees under the Act.

4. Applicants request relief on behalf of each open-end management investment company or series thereof that is (a) advised by, or that in the future becomes advised by, FMR, FMTC, SAI, or a person controlling, controlled by, or under common control with FMR, FMTC, or SAI (collectively referred to as the "Adviser"); or (b) distributed by FDC, NFSC, or a person controlling, controlled by, or under common control with FDC or NFSC

¹ See Investment Company Act Release Nos. 11962 (Sept. 29, 1981) (notice) and 12061 (Nov. 27, 1981) (order).