net asset value of such security which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security.

11. Arguably, Sage Life's recapture of the Investment Credit might be viewed as resulting in the redemption of redeemable securities for a price other than one based on the current net asset value of Variable Account A. Applicants contend, however, that recapture of the Investment Credit is not violative of Rule 22c–1. Applicants argue that the recapture does not involve either of the evils that Rule 22c–1 was intended to eliminate or reduce, namely: (i) the dilution of the value of outstanding redeemable securities of registered investment companies through their sale at a price below net asset value or their redemption or repurchase at a price above it, and (ii) other unfair results including speculative trading practices. To effect a recapture of a Investment Credit, Sage Life will redeem interests in an Owner's account value at a price determined on the basis of current net asset value of Variable Account A. The amount recaptured will equal the amount of the Investment Credit that Sage Life paid out if its general account assets. Although Owners will be entitled to retain any investment gain attributable to the Investment Credit, the amount of such gain will be determined on the basis of the current net asset value of Variable Account A. Thus, no dilution will occur upon the recapture of the Investment Credit. Applicants also submit that the second harm that Rule 22c–1 was designed to address, namely, speculative trading practices calculated to take advantage of backward pricing, will not occur as a result of the recapture of the Investment Credit. However, to avoid any uncertainty as to full compliance with the Act, Applicants request an exemption from the provisions of Rule 22c–1 to the extent deemed necessary to permit them to recapture the Investment Credit under the Contracts and Future Contracts.

Conclusion

Applicants submit that their request for an order is appropriate in the public interest. Applicants state that such an order would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing the efficient use of Applicants' resources. Applicants argue that investors would not receive any benefit or additional protection by requiring Applicants to repeatedly seek exemptive relief that would present no issue under the Act that has not already been addressed in their Application described herein. Applicants submit that having them file additional applications would impair their ability effectively to take advantage of business opportunities as they arise. Further, Applicants state that if they were required repeatedly to seek exemptive relief with respect to the same issues addressed in the Application described herein, investors would not receive any benefit or additional protection thereby.

Applicants submit, based on the grounds summarized above, that their exemptive request meets the standards set out in section 6(c) of the Act, namely, that the exemptions requested are necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act, and that, therefore, the Commission should grant the requested order.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–9056 Filed 4–12–02; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–25518; File No. 812–12776]

American Enterprise Life Insurance Company, et al.; Notice of Application

April 10, 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 (the ''Act'') approving certain substitutions of securities.

APPLICANTS: The American Enterprise Life Insurance Company (''American Enterprise''), Kemper Investors Life Insurance Company (''KILICO''), MetLife Investors Insurance Company (''MetLife''), MetLife Investors Insurance Company of California (''MetLife California''), First MetLife Investors Insurance Company (''First MetLife''), Sun Life Assurance Company of Canada (U.S.) (''Sun Life Canada''), and Sun Life Insurance and Annuity Company of New York (''Sun Life New York'') (collectively, ''Insurance Company Applicants''), American Enterprise Variable Annuity Account (''AE Annuity Account''), American Enterprise Variable Life Account (''AE Life Account''), KILICO Variable Separate Account-2 (''KILICO Account 2''), KILICO Variable Series II Separate Account (''KILICO Account II''), KILICO Variable Series III Separate Account (''KILICO Account III''), KILICO Variable Series VI Separate Account (''KILICO Account VI''), MetLife Investors Variable Annuity Account One (''ML Annuity Account One''), MetLife Investors Variable Annuity Account Five (''ML Annuity Account Five''), MetLife Investors Variable Life Account One (''ML Life Account One''), MetLife Investors Variable Annuity Account Five (''ML Life Account Five''), First MetLife Investors Variable Annuity Account One (''First ML Annuity Account One''), Sun Life of Canada (U.S.) Variable Account F (''SL Account F''), Sun Life of Canada (U.S.) Variable Account G (''SL Account G''), Sun Life of Canada (U.S.) Variable Account I (''SL Account I''), and Sun Life (N.Y.) Variable Account C (''SL Account C'').

FILING DATE: The application was filed on February 5, 2002, and amended and restated on April 9, 2002. Applicants represent that they will file an amendment to the application during the notice period to conform to the representations set forth herein.

SUMMARY OF APPLICATION: Applicants request an order to permit the substitutions by American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, or Sun Life New York of shares of one or more investment portfolios (each, a ''Portfolio'' or a ''Fund'') held by one or more of AE Annuity Account, AE Life Account, KILICO Account 2, KILICO Account II, KILICO Account III, KILICO Account VI, ML Annuity Account One, ML Annuity Account Five, ML Life Account One, ML Life Account Five, First ML Annuity Account One, SL Account F, SL Account G, SL Account I, or SL Account C (each an ''Account,'' together, the ''Accounts'') to support variable annuity or variable life insurance contracts issued by the Insurance Company Applicants (the ''Contracts'') as follows: (1) Shares of GSVIT CORE U.S. Equity Fund for shares of GSVIT Internet Tollkeeper Fund, (2) shares of Templeton Global Income Securities Fund for shares of GSVIT Global Income Fund, (3) shares of SVS Growth Portfolio for shares of GSVIT CORE Large Cap Growth Fund, (4) shares of MFSVIT Global Governments Series for shares of GSVIT Global Income Fund, (5) shares of AIMVIF Capital Appreciation Fund for shares of GSVIT Internet Tollkeeper

Fund, (6) shares of SVS Government Securities Portfolio for shares of GSVIT Global Income Fund, (7) shares of AIMVIF Growth Fund for shares of GSVIT Internet Tollkeeper Fund, and (8) shares of AIMVIF Growth Fund for shares of GSVIT CORE Large Cap Growth Fund.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested person 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 April 30, 2002, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Applicants, c/o James M. Odland, Esq., American Enterprise Life Insurance Company, 50607 AXP Financial Center, Minneapolis, Minnesota 55474; Maura A. Murphy, Esq., Senior Counsel, Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park SC: 1335, Wellesley Hills, Massachusetts 22481; Richard Pearson, Esq., Executive Vice President, MetLife Investors Insurance Company, 22 Corporate Plaza Drive, Newport Beach, California 92660; Juanita M. Thomas, Esq., Vice President & Assistant General Counsel, Kemper Investors Life Insurance Company, 1600 McConner Parkway, Schaumburg, Illinois 60196. Copy to David S. Goldstein, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, NW, Washington, DC 20004–2415.

FOR FURTHER INFORMATION CONTACT: Zandra 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 may be obtained for a fee from the Public Reference Branch of the Commission, 450 5th Street, NW, Washington, DC 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. American Enterprise is a stock life insurance company organized under the laws of Indiana in 1981. It conducts a conventional life insurance business and is licensed to conduct life insurance business in all states other than New Hampshire and New York, and in the District of Columbia. American Enterprise is an indirect wholly-owned subsidiary of American Express Financial Corporation which is a wholly-owned subsidiary of American Express Company. As of December 31, 2001, American Enterprise had assets of approximately $4.9 billion. American Enterprise is the depositor and sponsor of the AE Annuity Account and AE Life Account.

2. KILICO is a stock life insurance company organized under the laws of Illinois in 1947. KILICO offers life insurance and annuity contracts and is licensed to do business in the District of Columbia and all states of the United States except New York. KILICO is a wholly-owned subsidiary of Kemper Corporation, a non-operating holding company subsidiary of Zurich Group Holding, a Swiss holding company. Zurich Group Holding is wholly-owned by Zurich Financial Services, another Swiss holding company. As of December 31, 2001, KILICO had assets of approximately $18 billion. KILICO is the depositor and sponsor of KILICO Account 2, KILICO Account II, KILICO Account III, and KILICO Account VI.

3. MetLife is a stock life insurance company organized in Missouri in 1981 as Assurance Life Company. It changed its name to Xerox Financial Services Life Insurance Company in 1985 and to Cova Financial Services Life Insurance Company in 1995 when it was acquired by General American Life Insurance Company. Metropolitan Life Insurance Company indirectly acquired it in January 2000 and changed its name to MetLife Investors Insurance Company in February 2002. Metropolitan Life Insurance Company, headquartered in New York City since 1868, is a leading provider of insurance and financial products and services to individuals and groups. MetLife is licensed to conduct business in the District of Columbia and all states except California, Maine, New Hampshire, New York and Vermont. As of December 31, 2001, MetLife had assets of approximately $5.3 billion. MetLife is the depositor and sponsor of ML Annuity Account One and ML Life Account One.

4. MetLife California is a stock life insurance company organized in California in 1972 as Industrial Indemnity Life Company. It changed its name to Xerox Financial Life Insurance Company in 1986 and to Cova Financial Life Insurance Company in 1995 when it was acquired by General American Life Insurance Company. Metropolitan Life Insurance Company indirectly acquired it in January 2000 and changed its name to MetLife Investors Insurance Company of California in February 2002. Metropolitan Life Insurance Company, headquartered in New York City since 1868, is a leading provider of insurance and financial products and services to individuals and groups. MetLife California is licensed to do business only in the state of California. As of December 31, 2001, MetLife California had assets of approximately $400 million. MetLife California is the depositor and sponsor of ML Annuity Account Five and ML Life Account Five.

5. First MetLife is a stock life insurance company organized in New York in 1992 as First Xerox Life Insurance Company. It changed its name to First COVA Life Insurance Company in 1995 when it was acquired by General American Life Insurance Company. Metropolitan Life Insurance Company indirectly acquired it in January 2000 and changed its name to First MetLife Investors Insurance Company in February 2002. Metropolitan Life Insurance Company, headquartered in New York City since 1868, is a leading provider of insurance and financial products and services to individuals and groups. First MetLife is licensed to do business only in the state of New York. As of December 31, 2001, First MetLife had assets of approximately $300 million. First MetLife is the depositor and sponsor of First ML Annuity Account One.

6. Sun Life Canada is a stock life insurance company organized under the laws of Delaware on January 12, 1970. Sun Life Canada is principally engaged in the business of offering insurance policies and annuity contracts. It is licensed in all states of the United States except New York and in the District of Columbia and Puerto Rico. Sun Life Canada is an indirect wholly-owned subsidiary of Sun Life Assurance Company of Canada, a Canadian insurance company, which is a wholly-owned subsidiary of Sun Life Financial Services of Canada, Inc., a Canadian insurance holding company. As of December 31, 2001, Sun Life Canada had assets of approximately $22 billion. Sun Life Canada is the depositor and sponsor of SL Account F, SL Account G, and SL Account I.

7. Sun Life New York is a stock life insurance company organized under the

laws of New York in 1983. It is engaged in the business of offering life insurance policies and annuity contracts in New York. Sun Life New York is a wholly-owned subsidiary of Sun Life Canada. As of December 31, 2001, Sun Life New York had assets of approximately $620 million. Sun Life New York is the depositor and sponsor of SL Account C.

8. Under the insurance law of its depositor's domicile, the assets of each respective Account attributable to the Contracts are owned by its depositor, but are held separately from the other assets of the depositor for the benefit of the owners of, and the persons entitled to payment under, those Contracts. If, and to the extent so provided under the applicable Contracts, that portion of the assets of any Account equal to the reserves and other contract liabilities with respect to that Account are not chargeable with liabilities arising out of any other business its depositor may conduct. Income, gains and losses, realized or unrealized, from the assets of each Account are credited to or charged against that Account without regard to the other income, gains, or losses of the Account's depositor. Each Account is a ''separate account'' as defined by Rule 0–1(e) under the Act. Each Account, other than KILICO Account II, KILICO Account III and KILICO Account VI, is registered with the Commission as a unit investment trust. Each Account is comprised of a number of subaccounts and each subaccount invests exclusively in a Portfolio or Fund.

9. AE Annuity Account is divided into 562 subaccounts. The assets of AE Annuity Account support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the Securities Act of 1933, as amended, (the ''1933 Act'') on Form N–4.

10. AE Life Account is divided into 42 subaccounts. The assets of AE Life Account support variable life insurance contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form S–6.

11. KILICO Account 2 is divided into 17 subaccounts. The assets of KILICO Account 2 support variable life insurance contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form S–6.

12. KILICO Account II is divided into 33 subaccounts; KILICO Account III into 40 subaccounts; and KILICO Account VI into 38 subaccounts. The assets of each of KILICO Account II, KILICO Account III and KILICO Account VI support variable life insurance contracts, and interests in the Accounts offered through such Contracts have not been registered under the 1933 Act in reliance on the exemption therefrom in Section 4(2) thereof. KILICO Account II is not registered as an investment company under the Act in reliance upon the exclusion from the definition of an investment company in Section 3(c)(7) of the Act. KILICO Account III and KILICO Account VI are not registered as an investment companies under the Act in reliance upon the exclusion from the definition of an investment company in Section 3(c)(1) of the Act.

13. ML Annuity Account One is divided into 128 subaccounts. The assets of ML Annuity Account One support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form N–4.

14. ML Annuity Account Five is divided into 125 subaccounts. The assets of ML Annuity Account Five support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form N–4.

15. ML Life Account One is divided into 51 subaccounts. The assets of ML Life Account One support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form S–6.

16. ML Life Account Five is divided into 51 subaccounts. The assets of ML Life Account Five support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form S–6.

17. First ML Annuity Account One is divided into 101 subaccounts. The assets of First ML Annuity Account One support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form N–4.

18. SL Account F is divided into 144 subaccounts. The assets of SL Account F support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form N–4.

19. SL Account G is divided into 82 subaccounts. The assets of SL Account G support variable life insurance contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form S–6.

20. SL Account I is divided into 49 subaccounts. The assets of SL Account I support variable life insurance contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form S–6.

21. SL Account C is divided into 125 subaccounts. The assets of SL Account C support variable annuity contracts, and interests in the Account offered through such contracts have been registered under the 1933 Act on Form N–4.

22. Each management investment company is registered as an open-end management investment company under the Act. Further, each is a series investment company as defined by Rule 18f-2 under the Act and issues separate series of shares of beneficial interest in connection with each Fund or Portfolio. The shares of each Fund or Portfolio are registered under the 1933 Act on Form N–1A.

Trust	Entity (date)	1940 Act file No.	Total # of fund(s)	Involved funds or portfolios	1933 Act file No.
Goldman Sachs Variable Insurance Trust (''GSVIT'')	DE business trust (9/16/97)	811–08361	9	Goldman Sachs CORE Large Cap Growth Fund. Goldman Sachs Global Income Fund. Goldman Sachs Internet Tollkeeper Fund. CORE U.S. Equity Fund	333–35883
MFS Variable Insurance Trust (''MFSVIT'')	MA business trust (1/28/94)	811–8326	16	MFS Global Governments Series.	33–43618
AIM Variable Insurance Funds (''AIMVIF'')	DE business trust (5/1/00)	811–07452	16	Capital Appreciation Fund Growth Fund	33–57340
Scudder Variable Series II (''SVS'')	MA business trust (1/22/87)	811–5002	27	Growth Portfolio Government Securities Portfolio	33–11802

Trust	Entity (date)	1940 Act file No.	Total # of fund(s)	Involved funds or portfolios	1933 Act file No.
Franklin Templeton Variable Insurance Products Trust ("Templeton") .	MA business trust (4/26/88)	811–05583	27	Templeton Global Income Securities Fund .	33–23493

23. Goldman Sachs Asset Management ("GSAM") is a business unit of the Investment Management Division of Goldman, Sachs & Co. Goldman, Sachs & Co. has been a registered investment adviser since 1981. Goldman Sachs Asset Management International ("GSAMI"), a member of the Investment Management Regulatory Organization, Limited since 1990 and a registered investment adviser since 1991, is an affiliate of Goldman, Sachs & Co. As of December 31, 2001, GSAM and GSAMI, along with other units of the Investment Management Division, managed assets of approximately $296 billion.

24. The Contracts are flexible premium variable annuity and variable life insurance contracts. The variable annuity Contracts provide for the accumulation of values on a variable basis, fixed basis, or both, during the accumulation period, and provide settlement or annuity payment options on a variable or fixed basis. The variable life insurance Contracts provide for the accumulation of values on a variable basis, fixed basis, or both throughout the insured's life, and for a substantial death benefit upon the death of the insured. Under each of the Contracts, the issuing insurance company reserves the right to substitute shares of one Fund or Portfolio for shares of another, including a Fund or Portfolio of a different management investment company.

25. For as long as a variable life insurance Contract remains in force or a variable annuity contract has not yet been annuitized, a Contract owner may transfer all or any part of the Contract value from one subaccount to any other subaccount or a fixed account. Many of the Contracts either limit the number of transfers of Contract value to twelve per year or reserve to the issuer the right to limit the number of transfers to twelve per year.

26. Many of the Contracts either assess a transfer charge (in no case more than $35.00) on transfers in excess of a certain number per year (usually twelve) or reserve to the issuer the right to assess such a charge.

27. Applicants state that, in November of 2001, American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York were informed by GSAM and GSAMI that the latter intended to take steps to close three Funds of the Goldman Sachs Variable Insurance Trust: CORE Large Cap Growth Fund, Global Income Fund and Internet Tollkeeper Fund. In keeping with the participation agreements between GSVIT and each of the foregoing insurance companies, GSAM and GSAMI encouraged the insurance companies to help facilitate an orderly closure of the Funds by filing an application with the Commission.

28. Applicants state that the principal reason cited by GSAM and GSAMI for closing the Funds is that they have not attracted sufficient assets to obtain the economies of scale necessary to be viable in today's competitive marketplace. In order to maintain reasonable expense ratios for the three Funds, GSAM or GSAMI have reimbursed a considerable amount of the expenses of each since its inception. GSAM and GSAMI do not believe that any of the three Funds will grow to an economically viable size in the foreseeable future and therefore desire to close them and avoid future subsidies. The board of trustees of GSVIT has been consulted and agrees that this is an appropriate course of action for the Funds. At a meeting held on January 30, 2002, the board of trustees voted to authorize GSVIT's officers to liquidate each of the Funds at a reasonable date in the future. Commission orders approving the proposed substitutions would be part of the liquidation process.

29. American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York, on behalf of themselves and their Accounts propose a series of substitutions of shares held in those Accounts. The substitutions would be carried out by American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York redeeming the shares of GSVIT Funds held by their separate accounts for cash and reinvesting the cash in shares of substitute Funds or Portfolios. The table below summarizes the proposed substitutions. Numbers in parentheses next to each Contract type indicate the number of investment options currently available under such Contract.

Contract(s)	Replaced fund(s)	Replacing fund(s)
AE Annuity Account		
American Express Signature VA (48) .... American Express Signature One VA (46)	GSVIT Internet Tollkeeper Fund	GSVIT CORE U.S. Equity Fund.
AE Life Account		
American Express Signature Variable Universal Life (42) .	GSVIT Internet Tollkeeper Fund	GSVIT CORE U.S. Equity Fund.
KILICO Account 2		
First Foundation Variable Life Insurance (17) ...	GSVIT Global Income Fund	Templeton Global Income Securities Fund.
KILICO Account II		
Series QP-I single life private placement VLI (27) .	GSVIT Global Income Fund	Templeton Global Income Securities Fund.

Contract(s)	Replaced fund(s)	Replacing fund(s)
Series QP-S joint & survivor private placement VLI (27) .	GSVIT CORE Large Cap Growth Fund	SVS Growth Portfolio.
KILICO Account III		
Series IV single life private placement VLI (39)	GSVIT Global Income Fund GSVIT CORE Large Cap Growth Fund	Templeton Global Income Securities Fund. SVS Growth Portfolio.
KILICO Account VI		
Series VII joint & survivor private placement VLI (39) .	GSVIT Global Income Fund GSVIT CORE Large Cap Growth Fund	Templeton Global Income Securities Fund. SVS Growth Portfolio.
ML Annuity Account One		
Custom VA (40) Navigator VA (55)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	MFSVIT Global Governments Series. AIMVIF Capital Appreciation Fund.
ML Annuity Account Five		
Custom VA (40) Navigator VA (55)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	MSFVIT Global Governments Series. AIMVIF Capital Appreciation Fund.
ML Annuity Account One		
7-year Class AA (55)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	SVS Government Securities Portfolio AIMVIF Capital Appreciation Fund .
ML Annuity Account Five		
7-year Class AA (55)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	SVS Government Securities Porfolio. AIMVIF Capital Appreciation Fund.
ML Life Account One		
Custom Flex VUL (single life) (37) Custom Flex VUL (joint & survivor) (37)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	MFSVIT Global Governments Series. AIMVIF Capital Appreciation Fund.
ML Life Account Five		
Custom Flex VUL (single life) (37) Custom Flex VUL (joint & survivor) (37)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	MFSVIT Global Governments Series. AIMVIF Capital Appreciation Fund.
First ML Annuity Account One		
Class AA VA (55)	GSVIT Global Income Fund GSVIT Internet Tollkeeper Fund	SVS Government Securities Portfolio. AIMVIF Capital Appreciation Fund.
SL Account F		
Futurity VA (34), Futurity II VA (67), Futurity III VA(60), Futurity Focus VA (41), Futurity Focus II VA (60), Futurity Accolade VA (64), and Futurity Select Four VA (60) .	GSVIT Internet Tollkeeper Fund GSVIT CORE Large Cap Growth Fund	AIMVIF Growth Fund.
SL Account G		
Futurity Corporate VUL (55)	GSVIT Internet Tollkeeper Fund GSVIT CORE Large Cap Growth Fund	AIMVIF Growth Fund.
SL Account I		
Futurity VUL (31), Futurity Protector VUL (41), Futurity Survivorship VUL (31), Futurity Survivorship II VUL (41), Futurity Accumulator VUL (41) .	GSVIT Internet Tollkeeper Fund GSVIT CORE Large Cap Growth Fund	AIMVIF Growth Fund
SL Account C		
Futurity N.Y. VA (35) Futurity Accolade N.Y. VA (60)	GSVIT Internet Tollkeeper Fund GSVIT CORE Large Cap Growth Fund	AIMVIF Growth Fund.

30. Applicants believe that for each proposed substitution, the investment objectives and policies of the replacing Fund(s) or Portfolio(s) are sufficiently similar to those of the replaced Fund(s) or Portfolio(s) that Contract owners will have reasonable continuity in investment expectations. Applicants also believe that the proposed substitutions will better serve the interests of Contract owners because, generally, the replacing Fund or Portfolio has lower fees or expenses, superior or comparable performance, and a larger or growing asset base in the Contract than the replaced Fund or Portfolio.

31. The investment objective, principal investment strategies or key investments, investment advisers, and management fees for each Portfolio or Fund are described below. The Funds and Portfolios are grouped together by the proposed replaced GSVIT Fund.

32. In each group, the first set of accompanying charts shows the approximate year-end size (in net assets), expense ratio (ratio of operating expenses as a percentage of average net assets), and annual total returns for each of the past three years for each of the Funds and Portfolios involved in the proposed substitutions.

33. In each group, the second set of charts shows the annual management fees, other expenses, and total expenses of each of the Funds or Portfolios involved in the proposed substitutions both before and after any expense reimbursement or fee waivers. The management fees and expenses shown are those for the 2001 fiscal year.

34. *GSVIT Global Income Fund.* The investment objective of the Fund is to seek a high total return, emphasizing current income, and, to a lesser extent, providing opportunities for capital appreciation. The Fund invests primarily in high quality fixed-income securities of U.S. and foreign issuers and enters into foreign currency transactions to enhance returns and hedge its portfolio against currency exchange rate fluctuations. Under normal market conditions, the Fund holds at least 30% of its total assets (taking into account currency positions) in U.S. dollar denominated securities and holds securities of issuers in at least three countries. The Fund may invest more than 25% of its total assets in the securities of corporate and government issuers located in each of: Canada, Germany, Japan, and the United Kingdom as well as in the securities of U.S. issuers. The Fund does not invest more than 25% of its total assets in securities of issuers in any other single country. The Fund also may invest up to 10% of its total assets in securities of issuers in emerging markets. The Fund is non-diversified. GSAMI is the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 0.90% of its average daily net assets.

35. *Templeton Global Income Securities Fund.* The investment objective of the Fund is high current income, consistent with preservation of capital. Capital appreciation is a secondary consideration. Under normal circumstances, the Fund invests at least 65% of its total assets in the debt securities of governments and their political subdivisions and agencies, supranational organizations, and companies located anywhere in the world, including emerging markets. This Fund may invest up to 30% of net assets in below investment grade debt. Average weighted maturity of the Fund's debt securities is generally 5 to 15 years. Franklin Advisers, Inc. serves as the investment adviser to the Fund and Templeton Investment Counsel, LLC serves as subadviser. Templeton Global Income Securities Fund pays a monthly investment management fee based on a maximum annual rate of 0.625% of the average daily net assets of the Fund.

36. *MSVIT Global Government Series.* The Fund's investment objective is to provide income and capital appreciation. Under normal market conditions, the Fund invests at least 65% of its total assets in U.S. Government securities and securities of foreign governments. The Fund also may invest in debt securities of foreign and domestic corporations and in non-government mortgage-backed and asset-backed securities. U.S. Government securities are debt obligations issued by, or the principal or interest of which are guaranteed or supported by, the U.S. Government or one of its agencies or instrumentalities (including mortgage-backed securities). Securities of foreign governments include (1) securities issued, guaranteed or supported as to payment of principal and interest by foreign governments, foreign government agencies, foreign semi-government entities or supra-national entities; (2) interests issued by entities organized and operated for the purpose of restructuring the investment characteristics of foreign government securities; and (3) ''Brady'' bonds—bonds issued as part of a restructuring of defaulted commercial loans to emerging market countries. Massachusetts Financial Services Company serves as investment adviser to the Fund. The Fund pays a monthly investment management fee based on an annual rate of 0.75% of the average daily net assets of the Fund.

37. *SVS Government Securities Portfolio.* The Portfolio's investment objective is to provide high current income consistent with preservation of capital. The Portfolio normally invests at least 65% of its total assets in U.S. Government Securities and repurchase agreements of U.S. Government Securities. U.S. Government Securities in which the Portfolio may invest include direct obligations of the U.S. Treasury and securities issued or guaranteed, as to their payment of principal and interest, by U.S. Government agencies or sponsored entities. Zurich Scudder Investments, Inc. serves as the Portfolio's investment adviser. The Portfolio pays a monthly investment management fee based on an annual rate of 0.55% of its average daily net assets.

Fund	Net assets at year-end (in millions)	Expense ratio (in percent)	Total return (in percent)
GSVIT Global Income Fund:			
1999	$7	1.05	−1.01
2000	10	1.14	9.05
2001	15.5	1.15	4.80
Templeton Global Income Securities Fund:			
1999	91	0.65	−5.79
2000	81	0.72	4.32
2001	64	0.71	2.55
MFSVIT Global Governments Series:			
1999	45	1.01	−2.50
2000	50	0.96	4.90

Fund	Net assets at year-end (in millions)	Expense ratio (in percent)	Total return (in percent)
2001	47	0.92	4.48
SVS Government Securities Portfolio:			
1999	146	0.63	0.68
2000	152	0.60	10.93
2001	305	0.60	7.48

Fund	Before reimbursement or fee waiver	After reimbursement or fee waiver
GSVIT Global Income Fund	0.90	0.90
	1.50	0.25
	2.40	1.15
Templeton Global Income Securities Fund	0.60	0.60
	0.11	0.11
	0.71	0.71
MFSVIT Global Government Series	0.75	0.75
	0.37	0.17
	1.12	0.92
SVS Government Securities Portfolio	0.55	0.55
	0.05	0.05
	0.60	0.60

38. *GSVIT Internet Tollkeeper Fund.* The investment objective of the Fund is long-term growth of capital. Under normal circumstances, the Fund invests 90% of its total assets in equity securities and 65% of its total assets in securities of ''internet tollkeeper'' companies, which are companies in the media, telecommunications, technology and internet sectors which provide access, infrastructure, content and services to internet companies or internet users. Internet tollkeeper companies are ones with predictable, sustainable or recurring revenue streams that, like a toll collector for a highway or bridge, grow revenue by increasing ''traffic,'' or customers and sales, and raising ''tolls,'' or prices. The Fund also may invest up to 35% of its total assets in securities of companies whose rapid adoption of an internet strategy is expected to improve their cost structure, revenue opportunities or competitive advantage or internet-based companies that exhibit a sustainable business model. The Fund may invest up to 25% of its total assets in foreign securities including securities of issuers in emerging markets or countries. GSAM serves as the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 1.00% of its average daily net assets.

39. *GSVIT CORE U.S. Equity Fund.* The Fund's investment objective is long-term growth of capital and dividend income. The Fund seeks this objective through a broadly diversified portfolio of large-cap and blue chip equity securities representing all major sectors of the U.S. economy. Under normal circumstances, the Fund invests 90% of its total assets in equity securities of U.S. issuers, including securities of foreign issuers traded in the U.S. The Fund also seeks to maximize its expected return while maintaining a risk, style, capitalization and industry characteristics similar to the S&P 500 Index. GSAM serves as the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 0.70% of its average daily net assets.

40. *AIMVIF Capital Appreciation Fund.* The Fund's investment objective is growth of capital. The Fund seeks its objective by investing principally in common stocks of companies that the investment adviser believes are likely to benefit from new or innovative products, services or processes as well as those that have experienced above-average long-term growth in earnings and have excellent prospects for future growth. The Fund may invest up to 25% of its assets in foreign securities. AIM Advisors, Inc. serves as the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 0.65% of the first $250 million of average daily net assets and 0.60% of average daily net assets in excess of $250 million.

41. *AIMVIF Growth Fund.* The Fund's investment objective is growth of capital. The Fund seeks its objective by investing principally in securities of seasoned and better capitalized companies with strong earnings momentum. The Fund may invest up to 25% of its assets in foreign securities. AIM Advisors, Inc. serves as the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 0.65% of the first $250 million of average daily net assets and 0.60% of average daily net assets in excess of $250 million.

Fund	Net assets at year-end (in millions)	Expense ratio (in percent)	Total return (in percent)
GSVIT Internet Tollkeeper Fund:			
1999	N/A	N/A	N/A
2000	$5	1.25	−32.00
2001	4.3	1.25	−33.68

Fund	Net assets at year-end (in millions)	Expense ratio (in percent)	Total return (in percent)
GSVIT CORE U.S. Equity Fund:			
1999	52	0.80	24.30
2000	139	0.85	−9.62
2001	164	0.81	11.94
AIMVIF Capital Appreciation Fund:			
1999	1,131	0.73	44.61
2000	1,534	0.82	−10.91
2001	1,160	0.85	−23.28
AIMVIF Growth Fund:			
1999	704	0.73	35.24
2000	879	0.83	−20.49
2001	601	0.88	−33.86

Fund	Before reimbursement or fee waiver (in percent)	After reimbursement or fee waiver (in percent)
GSVIT Internet Tollkeeper Fund	1.00	1.00
	2.47	0.25
	3.47	1.25
GSVIT CORE U.S. Equity Fund	0.70	0.70
	0.12	0.11
	0.82	0.81
AIMVIF Capital Appreciation Fund	0.61	0.61
	0.24	0.24
	0.85	0.85
AIMVIF Growth Fund	0.62	0.62
	0.26	0.26
	0.88	0.88

42. *GSVIT CORE Large Cap Growth Fund.* The Fund's investment objective is long-term growth of capital with dividend income as a secondary consideration. The Fund seeks its primary objective through a broadly diversified portfolio of equity securities of large-cap U.S. issuers that are expected to have better prospects for earnings growth than the growth rate of the general domestic economy. Under normal circumstances, the Fund invests 90% of its total assets in equity securities of U.S. issuers, including securities of foreign issuers traded in the U.S. The Fund also seeks to maximize its expected return while maintaining a risk, style, capitalization and industry characteristics similar to the Russell 1,000 Growth Index. GSAM serves as the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 0.70% of its average daily net assets.

43. *SVS Growth Portfolio.* The Portfolio's investment objective is maximum appreciation of capital. The Portfolio normally invests at least 65% of its total assets in common stocks of large (market capitalization over $1 billion) U.S. companies. The Portfolio tries to maintain holdings diversified across industries and companies and generally tries to keep its sector weightings similar to those of the Russell 1000 Growth Index. The Portfolio typically invests at least 70% of its total assets in securities of ''stable growth'' companies (ones with strong business lines and potentially sustainable earnings growth), up to 25% of its total assets in securities of ''accelerating growth'' companies (those with a history of strong earnings growth and potential for continued growth), and up to 15% of its total assets in securities of ''special situation'' companies (ones that appear likely to become stable growth companies or accelerating growth companies through new products, restructuring, change in management or other catalysts. The Portfolio also may invest up to 25% of its total assets in foreign securities. Zurich Scudder Investments, Inc. serves as the Portfolio's investment adviser. The Portfolio pays a monthly investment management fee based on an annual rate of 0.60% of its average daily net assets.

44. *AIMVIF Growth Fund.* The Fund's investment objective is growth of capital. The Fund seeks its objective by investing principally in securities of seasoned and better capitalized companies with strong earnings momentum. The Fund may invest up to 25% of its assets in foreign securities. AIM Advisors, Inc. serves as the Fund's investment adviser. The Fund pays a monthly investment management fee based on an annual rate of 0.65% of the first $250 million of average daily net assets and 0.60% of average daily net assets in excess of $250 million.

Fund	Net assets at year-end (in millions)	Expense ratio (in percent)	Total return (in percent)
GSVIT CORE Large Cap Growth Fund:			

Fund	Net assets at year-end (in millions)	Expense ratio (in percent)	Total return (in percent)
1999	$24	0.80	35.42
2000	26	0.89	−22.48
2001	22	0.90	−20.76
SVS Growth Portfolio:			
1999	738	0.66	37.12
2000	583	0.65	−19.06
2001	420	0.63	−22.34
AIMVIF Growth Fund:			
1999	704	0.73	35.24
2000	879	0.83	−20.49
2001	601	0.88	−33.86

Fund	Before reimbursement or fee waiver (in percent)	After reimbursement or fee waiver (in percent)
GSVIT CORE Large Cap Growth Fund	0.70	0.70
	0.69	0.20
	1.39	0.90
SVS Growth Portfolio	0.60	0.60
	0.03	0.03
	0.63	0.63
AIMVIF Growth Fund	0.62	0.62
	0.26	0.26
	0.88	0.88

45. Each Applicant believes that it has selected an appropriate Fund or Portfolio available under each Contract to replace the GSVIT CORE Large Cap Growth Fund, GSVIT Global Income Fund or GSVIT Internet Tollkeeper Fund. For all of the proposed substitutions, the replacing Funds or Portfolios are substantially larger and have lower expense ratios than the Funds they would replace. Likewise, each of the replacing Funds or Portfolios have significantly better prospects for future growth and increasing economies of scale than the Funds they would replace. No class of replacing Fund or Portfolio shares proposed for use in the proposed substitutions is subject to a distribution or shareholder service plan adopted under Rule 12b–1 of the Act and no replacing Fund or Portfolio is operated by its investment manager or adviser under a ''manager of managers'' exemption from certain requirements of Section 15 of the Act.

46. No class of replacing Fund or Portfolio shares proposed for use in the proposed substitutions is subject to a distribution or shareholder service plan adopted under Rule 12b–1 of the Act and no replacing Fund or Portfolio is operated by its investment manager or adviser under a ''manager of managers'' exemption from certain requirements of Section 15 of the Act. American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada and Sun Life New York will not receive, for three years from the date of the substitutions, any direct or indirect benefits from the replacing Funds or Portfolios, their advisers or underwriters, or from affiliates of the replacing Funds or Portfolios, their advisers or underwriters, in connection with assets attributable to the Contracts affected by the substitutions, at a higher rate than each received from the replaced Funds or Portfolios, their advisers or underwriters, or from affiliates of the replaced Funds or Portfolios, their advisers or underwriters, including without limitation Rule 12b–1 fees, shareholder service or administrative or other service fees, revenue-sharing or other arrangements. American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada and Sun Life New York each represent that the substitutions it carries out and its selection of replacing Funds or Portfolios was not motivated by any financial consideration paid or to be paid to it or to any of its affiliates by any of the replacing Funds or Portfolios, their advisers or underwriters, or by the affiliates of the replacing Funds or Portfolios, their advisers or underwriters.

47. Where a Contract does not offer a Fund or Portfolio comparable to the Fund being replaced, each Applicant proposes as an alternative replacement, a Fund or Portfolio which either (1) invests in substantially similar types of securities, but has broader investment objective(s) and investment strategies than the one it would replace, or (2) invests in higher grade debt securities than the one it would replace. Applicants state that although Templeton Global Income Securities Fund may invest in below investment grade debt securities and GSVIT Global Income Fund may not, investment in such securities has only modest potential to make the overall risk of the Templeton Global Income Securities Fund's portfolio greater than that of GSVIT Global Income Fund. In light of how few global or international debt mutual funds exist in the underlying insurance fund universe, very few substitution candidates exist for GSVIT Global Income Fund. Applicants believe that, under the circumstances, Templeton Global Income Securities Fund offers the greatest available continuity in investment objectives and strategies and therefore is most likely to meet the expectations of Contract owners and that the differences between these two Funds does not justify moving Contract owners Contract values to a Fund or Portfolio with investment objective(s) or strategies substantially

different from those of GSVIT Global Income Fund.

48. Proposed substitution of shares of Templeton Global Income Securities Fund, MFSVIT Global Governments Series, or SVS Government Securities Portfolio for shares of GSVIT Global Income Fund. Two of the three replacement Funds have substantially identical investment objectives as the replaced Fund and both pursue their objective by investing primarily in debt securities of issuers around the world. The third replacement Fund has the substantially identical investment objective, but pursues it by investing primarily in U.S. Government debt securities. There are some distinctions between the strategies pursued by the replacement Funds and those pursued by the replaced Fund.

49. GSVIT Global Income Fund may emphasize corporate issuers over government issuers and invest more of its assets in the United States and Western Europe than do the replacement Funds. In contrast, MFSVIT Global Government Series may invest a substantial majority of its assets in securities of government issuers and both it and Templeton Global Income Securities Fund may invest a greater portion of their assets than GSVIT Global Income Fund in securities of issuers located outside the U.S. or Western Europe. Nevertheless, these two proposed substitutions offer the greatest available continuity in investment objectives and strategies and therefore are most likely to meet the expectations of Contract owners. At the end of 2001, more than 50% of GSVIT Global Income Fund's total assets were invested in securities of government issuers in the U.S. and abroad.

50. SVS Government Securities Portfolio differs from GSVIT Global Income Fund in that it invests primarily in U.S. Government Securities. Thus, this replacement Portfolio is more conservative and entails considerably less investment risk than the Fund it would replace. At the end of 2001, more than 25% of GSVIT Global Income Fund's total assets were invested in U.S. Government securities. For Contracts as to which SVS Government Securities Portfolio is the proposed replacement, it represents the closest match of investment objective and strategies of the alternatives that do not have 12b-1 plans or are otherwise unsuitable for a substitution.

51. Proposed substitution of shares of GSVIT CORE U.S. Equity Fund, AIMVIF Capital Appreciation Fund or AIMVIF Growth Fund for shares of GSVIT Internet Tollkeeper Fund. All three replacement Funds have substantially the same investment objectives as the replaced Fund except that GSVIT CORE U.S. Equity Fund also has dividend income as a secondary objective. The replacement Funds' investment strategies are somewhat different from those of the replaced Fund in that each invests in equity securities of issuers representing a broad range industry sectors and does not focus on ''internet tollkeeper'' issuers as defined by GSVIT Internet Tollkeeper Fund. Also, one of the replacement Funds has a more limited ability to invest in foreign securities than do the other two or the replaced Fund. Nevertheless, these proposed substitutions will not frustrate Contract owners ability to pursue their investment goals by investing in a portfolio having as its principal objective, capital appreciation. As with the prior group of proposed substitutions, these substitutions offer the greatest continuity in investment objectives and strategies available from Funds or Portfolios that do not have 12b–1 plans or investment advisers that rely on ''manager of managers'' exemptions and therefore are most likely to meet the expectations of Contract owners.

52. Proposed substitution of shares of SVS Growth Portfolio or shares of AIMVIF Growth Fund for shares of GSVIT CORE Large Cap Growth Fund. Although the replacement Funds do not share the replaced Fund's secondary investment objective of seeking dividend income and may invest a greater portion of their assets in foreign securities (25% as opposed to 10%), they pursue their objectives with similar strategies and offer investors a portfolio of substantially the same large capitalization equity securities diversified across economic and industry sectors. In fact, SVS Growth Portfolio and GSVIT CORE Large Cap Growth Fund both try to maintain industry sector weightings similar to those of the Russell 1000 Growth Index. These proposed substitutions will not frustrate Contract owners ability to pursue their investment goals by investing in a portfolio of securities managed using a growth orientation.

53. By supplements to the various May 1, 2001 prospectuses for the Contracts (or by letter to owners of unregistered Contracts) and the Accounts (substantially in the form attached as Exhibit C to the initial application), American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York will notify owners of their Contracts of their intention to take the necessary actions, including seeking the order requested by this application, to substitute shares of the Funds and Portfolios as described herein.

54. The supplements (or letters) about the proposed substitutions will advise (or have advised) Contract owners that, from the date of the supplement (or letter) until the date of the proposed substitution, American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York will not exercise any rights reserved under any Contract to impose additional restrictions on transfers until at least 30 days after the proposed substitutions, with the exception that an Insurance Company Applicant may impose restrictions to prevent or restrict ''market timing'' activities by Contract owners or their agents. Similarly, the supplements (or letters) will disclose (or have disclosed) that, from the date of the supplement (or letter) until the date of the substitutions, American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York will permit Contract owners to make one transfer of Contract value out of a subaccount to be affected by the proposed substitutions to another subaccount without the transfer being treated as one of a limited number of permitted transfers or a limited number of transfers permitted without a transfer charge. The supplements (or letters) also will advise Contract owners that if the proposed substitutions are carried out, then each Contract owner affected by a substitution will be sent a written notice (described below) informing them of the fact and details of the substitutions.

55. Applicants state that the proposed substitutions will take place at relative net asset value with no change in the amount of any Contract owner's account value or death benefit or in the dollar value of his or her investment in any of the Accounts. Contract owners will not incur any fees or charges as a result of the proposed substitutions, nor will their rights or American Enterprise's, KILICO's, MetLife's, MetLife California's, First MetLife's, Sun Life Canada's, and Sun Life New York's obligations under the Contracts be altered in any way. All expenses incurred in connection with the proposed substitutions, including brokerage commissions, legal, accounting, and other fees and expenses, will be paid by American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York, or by GSAM or GSAMI. In addition, the proposed substitutions will not impose any tax liability on Contract owners. The proposed substitutions will not cause the Contract fees and charges

currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions.

56. Applicants state that the proposed substitutions will not be treated as a transfer for the purpose of assessing transfer charges or for determining the number of remaining permissible transfers in a Contract year. American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York will not exercise any right it may have under the Contracts to impose additional restrictions on transfers under any of the Contracts for a period of at least 30 days following the substitutions. Similarly, (1) prior to the substitutions, American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York will permit Contract owners to make one transfer of Contract value out of a subaccount to be affected by the proposed substitutions to another subaccount without the transfer being treated as one of a limited number of permitted transfers or a limited number of transfers permitted without a transfer charge, and (2) for at least 30 days following the substitutions, American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York will permit Contract owners affected by the substitutions to make one transfer of Contract value out of a subaccount affected by the substitutions to another subaccount without the transfer being treated as one of a limited number of permitted transfers or a limited number of transfers permitted without a transfer charge.

57. Applicants state that in addition to the supplements (or letters) distributed to owners of Contracts, within five days after the proposed substitutions, any Contract owners who are affected by a substitution will be sent a written notice informing them that the substitutions were carried out. The notice also will reiterate the facts that American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York: (1) will not exercise any rights reserved by it under any of the Contracts to impose additional restrictions on transfers until at least 30 days after the proposed substitutions, and (2) will, for at least 30 days following the substitutions, permit such Contract owners to make one transfer of Contract value out of an affected subaccount to another subaccount without the transfer being treated as one of a limited number of permitted transfers or a limited number of transfers permitted without a transfer charge. Current prospectuses for the new Funds or Portfolios will be sent to Contract owners on or before the time the notices are sent. The notice as delivered in certain jurisdictions also may explain that, under insurance regulations in those jurisdictions, Contract owners affected by the substitutions may exchange their Contract for a fixed-benefit life insurance contract or fixed-benefit annuity contract during the 60 days following the substitutions.

58. American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York are also seeking approval of the proposed substitutions from any state insurance regulators whose approval may be necessary or appropriate.

Legal Analysis

1. Section 26(c) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to receive Commission approval before substituting the securities held by the trust. Specifically, Section 26(c) states:

> 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. The Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of this title.

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

3. Congress responded to the Commission's concerns by enacting Section 26(c) to require that the Commission approve all substitutions by the depositor of investments held by unit investment trusts. The Senate Report on the bill explained the purpose of the amendment as follows:

> The proposed amendment recognizes that in the case of the unit investment trust holding the securities of a single issuer notification to shareholders does not provide adequate protection since the only relief available to shareholders, if dissatisfied, would be to redeem their shares. A shareholder who redeems and reinvests the proceeds in another unit investment trust or in an open-end company would under most circumstances be subject to a new sales load. The proposed amendment would close this gap in shareholder protection by providing for Commission approval of the substitution. The Commission would be required to issue an order approving the substitution if it finds the substitution consistent with the protection of investors and provisions of the Act.

4. Applicants state that the proposed substitutions appear to involve substitutions of securities within the meaning of Section 26(c) of the Act. Applicants therefore request orders from the Commission pursuant to Section 26(c) approving the proposed substitutions.

5. Applicants state that all the Contracts expressly reserve for American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, or Sun Life New York, as applicable, the right, subject to compliance with applicable law, to substitute shares of one Fund or Portfolio held by subaccount of an Account for another. The prospectuses (or private placement memoranda) for the Contracts and the Accounts contain appropriate disclosure of this right.

6. American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York reserved this right of substitution both to protect themselves and their Contract owners in situations where they believe a Fund or Portfolio is no longer appropriate for Contract owners or where either might be harmed or disadvantaged by circumstances surrounding the issuer of the shares held by one or more of their separate accounts and to afford the opportunity to replace such shares where to do so could benefit itself and Contract owners.

7. Applicants maintain that Contract owners will be better served by the proposed substitutions. The substitutions proposed are the most appropriate ones given the Funds and Portfolios available under the various Contracts. In addition, each new Portfolio or Fund has had lower expenses in recent years than the Portfolios or Funds that it would replace.

8. For each of the proposed substitutions, Applicants believe that

the new Portfolios or Funds are either substantially the same or more conservative in their investment objective(s) or strategies or both, than the Portfolios or Funds that they would replace. Likewise, Applicants believe that a majority of the new Portfolios or Funds have a substantially similar or lower investment risk profile than the Portfolios or Funds each would replace.

9. In addition to the foregoing, Applicants generally submit that the proposed substitutions meet the standards that the Commission and its staff have applied to similar substitutions that have been approved in the past.

10. Applicants believe that Contract owners will be at least as well off with the proposed array of subaccounts to be offered under each Contract after the proposed substitutions as they have been with the array of subaccounts offered before the substitutions. The proposed substitutions retain for Contract owners the investment flexibility, which is a central feature of the Contracts. If the proposed substitutions are carried out, all Contract owners will be permitted to allocate purchase payments and transfer Contract values between and among the remaining subaccounts as they could before the proposed substitutions.

11. Applicants assert that each of the proposed substitutions is not the type of substitution Section 26(c) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer Contract values into other subaccounts. Moreover, the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected subaccounts into any of the remaining subaccounts without cost or other disadvantage. The proposed substitutions, therefore, will not result in the type of costly forced redemption Section 26(c) was designed to prevent.

12. Applicants further assert that the proposed substitutions are unlike the type of substitution Section 26(c) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their Contract values. They also select the specific type of insurance coverage offered by American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, or Sun Life New York under their Contract as well as numerous other rights and privileges set forth in the Contract. Contract owners may also have considered the size, financial condition, type, and reputation for service of the Applicant from whom they purchased their Contract. These factors will not change because of the proposed substitutions.

Conclusion

Applicants request orders of the Commission pursuant to Section 26(c) of the Act approving the proposed substitutions by American Enterprise, KILICO, MetLife, MetLife California, First MetLife, Sun Life Canada, and Sun Life New York. Applicants submit that, for all the reasons stated above, the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–45703; File No.SR–Amex–2002–27]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval to Proposed Rule Change by the American Stock Exchange LLC To Extend for an Additional 90 Days Its Pilot Program Relating to Facilitation Cross Transactions

April 8, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 29, 2002, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II 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. For the reasons discussed below, the Commission is granting accelerated approval of the proposed rule change.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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

The Amex proposes to extend for an additional 90 days its pilot program relating to facilitation cross transactions, described in detail in Item II.A. below. The text of the proposed rule change is available at the Office of the Secretary, Amex, and at the Commission.

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 Amex 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 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 extend for an additional 90 days its pilot program relating to member firm facilitation cross transactions, which was originally approved by the Commission in June 2000, was most recently extended in January 2002, and expired on April 7, 2002.[3]

Revised Commentary .02(d) to Amex Rule 950(d) establishes a pilot program to allow facilitation cross transactions in equity options.[4] The pilot program entitles a floor broker, under certain conditions, to cross a specified percentage of a customer order with a member firm's proprietary account before market makers in the crowd can participate in the transaction. The provision generally applies to orders of 400 contracts or more. However, the Exchange is permitted to establish

[3] The pilot program, originally approved on June 2, 2000, was subsequently extended on two occasions, reinstated after a brief lapse in July 2001, and extended again in October 2001. *See* Securities Exchange Act Release Nos. 42894 (June 2, 2000), 65 FR 36850 (June 12, 2000), 43229 (August 30, 2000), 65 FR 54572 (September 8, 2000); 44019 (February 28, 2001), 66 13819 (March 7, 2001); 44538 (July 11, 2001), 66 FR 37507 (July 18, 2001); 44924 (October 11, 2001), 66 FR 53456 (October 22, 2001), and 45241 (January 7, 2002), 67 FR 1524 (January 11, 2002).

[4] Facilitation cross transactions occur when a floor broker representing the order of a public customer of a member firm crosses that order with a contra side order from the firm's proprietary account.