

Employer for Information About Annuitant's Work and Earnings; OMB 3220-0107. Under Section 2 of the Railroad Retirement Act (RRA), a railroad employee's retirement annuity or an annuity paid to the spouse of a railroad employee is subject to work deduction in the Tier II component of the annuity and any employee supplemental annuity for any month in which the annuitant works for a Last Pre-Retirement Non-Railroad Employer (LPE). LPE is defined as the last person, company, or institution, other than a

railroad employer, that employed an employee or spouse annuitant. In addition, the employee, spouse or divorced spouse Tier I annuity benefit is subject to work deductions under Section 2(F)(1) of the RRA for earnings from any non-railroad employer that are over the annual exempt amount.

The regulations pertaining to non-payment of annuities by reason of work are contained in 20 CFR 230.1 and 230.2.

The RRB utilizes Form RL-231-F, Request to Non-Railroad Employer for

Information About Annuitant's Work and Earnings, to obtain the information needed for determining if any work deduction should be applied because an annuitant worked in non-railroad employment after the annuity beginning date. One response is requested of each respondent. Completion is voluntary.

No changes are proposed to Form RL-231-F.

Estimate of Annual Respondent

Burden: The estimated annual respondent burden is as follows:

Form Nos.	Annual responses	Time (min)	Burden (hrs)
RL-231-F	300	30	150
Total	300	150

Additional Information or Comments:

To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751-3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611-2092. Written comments should be received within 60 days of this notice.

Chuck Mierzwa,

Clearance Officer.

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BILLING CODE 7905-01-M

Account and 62.9 percent of the taxes collected under such Sections 3211(b) and 3221(c) plus 100 percent of the taxes collected under Section 3221(d) of the Railroad Retirement Tax Act shall be credited to the Railroad Retirement Supplemental Account.

By Authority of the Board.

Dated: September 7, 1999.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 99-24108 Filed 9-15-99; 8:45 am]

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Fund BD III for Variable Annuities ("Fund BD III"), The Travelers Fund BD IV for Variable Annuities ("Fund BD IV," together with Fund BD III, the "Separate Accounts"), and Tower Square Securities, Inc. ("Tower Square").

FILING DATE: The application was filed on September 18, 1997, and was amended and restated on June 24, 1998.

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 October 1, 1999, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549-0609. Applicants, Kathleen A. McGah, Esq., The Travelers Insurance Company, One Tower Square, Hartford, CT 06183.

FOR FURTHER INFORMATION CONTACT: Lorna MacLeod, Attorney, or Mark Amorosi, Special Counsel, 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 SEC's Public Reference Branch, 450 Fifth

RAILROAD RETIREMENT BOARD

Determination of Quarterly Rate of Excise Tax for Railroad Retirement Supplemental Annuity Program

In accordance with directions in Section 3221(c) of the Railroad Retirement Tax Act (26 U.S.C., Section 3221(c)), the Railroad Retirement Board has determined that the excise tax imposed by such Section 3221(c) on every employer, with respect to having individuals in his employ, for each work-hour for which compensation is paid by such employer for services rendered to him during the quarter beginning October 1, 1999, shall be at the rate of 27 cents.

In accordance with directions in Section 15(a) of the Railroad Retirement Act of 1974, the Railroad Retirement Board has determined that for the quarter beginning October 1, 1999, 37.1 percent of the taxes collected under Sections 3211(b) and 3221(c) of the Railroad Retirement Tax Act shall be credited to the Railroad Retirement

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24006; File No. 812-10792]

The Travelers Insurance Company, et al.; Notice of Application

September 10, 1999.

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

ACTION: Notice of application for an order under Section 6(c) of the Investment Company Act of 1940 ("Act") granting relief from Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the Act and Rule 22c-1 thereunder.

SUMMARY OF APPLICATION: Applicants request an order to permit the offer and sale of variable annuity contracts ("Contracts") that offer an optional principal protection feature. Applicants also request an order on behalf of any other person who may become the principal underwriter for the Contracts (Future Underwriters').

APPLICANTS: The Travelers Insurance Company ("The Travelers"), The Travelers Life and Annuity Company ("Travelers Life," together with The Travelers, "Insurers"), The Travelers

Street, NW, Washington, DC 20549 (tel (202) 942-8090).

Applicants' Representations

1. The Travelers, a Connecticut stock insurance company, is licensed to conduct life insurance business in all of the states of the United States, the District of Columbia, Puerto Rico, Guam, the British and US Virgin Islands, and the Bahamas. The Travelers is an indirect wholly owned subsidiary of the Travelers Group Inc.

2. Travelers Life, a Connecticut stock insurance company, is licensed to conduct life insurance business in a majority of states of the United States. Travelers Life is a wholly owned subsidiary of The Travelers.

3. Fund BD III and Fund BD IV were established under the laws of Connecticut as separate investment accounts by The Travelers and Travelers Life, respectively. Assets allocated to each Separate Account support benefits payable under group and individual annuity contracts offered by the Insurers. Each Separate Account is registered with the Commission as a unit investment trust, and meets the definition of "separate account" in Section 2(a)(37) of the Act.

4. Tower Square, an indirect wholly owned subsidiary of The Travelers, is the principal underwriter for the Contracts. Tower Square is registered as a broker-dealer under the Securities Exchange Act of 1934 ("1934 Act") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). Each Future Underwriter will be registered as a broker-dealer under the 1934 Act, and will be a member of the NASD.

5. The Contracts are single premium variable annuity contracts that may be purchased in connection with certain retirement plans on a tax-qualified or a non tax-qualified basis. The net premium may be allocated to one or more of each Separate Account's sub-accounts, or to the general account of The Travelers or Travelers Life, as relevant, where such premium is credited with a fixed rate of interest.

6. The Contracts offer an optional principal protection features ("Principal Protection Feature" or "Feature"). If purchased, The Travelers or Travelers Life, as relevant, will guarantee that upon the Feature's expiration date ("Principal Protection Expiration Date"), the Contract Value¹ will at least equal a specified percentage of the

premium adjusted for withdrawal reductions (i.e., the amount of any partial withdrawal plus any charges deducted as a result of any such withdrawal) even if the value of the Contract otherwise determined on that date is less than the guaranteed amount.

7. More specifically, on the Principal Protection Expiration Date (the last day of the eighth Contract year), The Travelers or Travelers Life, as relevant, will contribute to the Contract Value any amount needed to bring the Contract Value up to 115%, 100% or 90%, depending on the selection, of the premium, as adjusted for any withdrawal reductions.

8. In addition, on the Principal Protection Expiration Date, the Insurer will transfer the greater of the guaranteed amount or Contract Value from the Protected Funding Option to the sub-account investing in the Money Market Portfolio unless the Contract owner informs The Travelers or Travelers Life, as relevant, in writing prior to the Principal Protection Expiration Date of a different investment choice within the Contract. On and after the Principal Protection Expiration Date, The Contract owner may remain in the Contract, purchase a new Contract with the Principal Protection Feature, annuitize the Contract, exchange the Contractor for another annuity contract, surrender the Contract, or make a partial withdrawal of the Contract Value.

9. To qualify for the Principal Protection Feature, at the time of purchase the Contract owner must allocate the entire premium to the Protected Funding Option. In addition, until the Principal Protection Expiration Date, the Contract owner must refrain from: (1) transferring any amounts from the Protected Funding Option; and (2) annuitizing the Contract. The Insurers will treat any transfer or annuitization from the Principal Protection Feature as a surrender of the Contract. The Contract owner, however, may surrender or make partial withdrawals from the Contract at any time, subject to the withdrawal charges discussed below. The amounts withdrawn, including any withdrawal charges assessed on the withdrawn amounts, will no longer be protected by the Principal Protection Feature, and will reduce the amount of the principal guarantee proportionately.

10. There are two charges associated with the Principal Protection Feature. First, there is a Principal Protection Fee, of up to 2.00% annually of Contract Value, depending on the level of guarantee chosen. The Principal Protection Fee is deducted daily from

Contract Value. Second, there is a Principal Protection Cancellation Charge. This charge is assessed should the Contract owner surrender or partially withdraw from the Contract before the Principal Protection Expiration Date. The Principal Protection Cancellation Charge equals up to 4% of the premium and declines to 0% at the end of eight Contract years.

11. The Principal Protection Fee and the Principal Protection Cancellation Charge compensate each Insurer for the liabilities associated with providing the Feature. These include the cost associated with the financial hedging instruments or reinsurance purchased by each Insurer to hedge against such Insurer's potential losses resulting from the Feature. The Principal Protection Fee is designed so that if a Contract owner persists until the Principal Protection Expiration Date, each Insurer will recover most, if not all, of the cost of either purchasing the hedging instruments or the reinsurance associated with providing the guarantee. The Principal Protection Cancellation Charge is designed so that each Insurer may recover its costs if a Contract owner surrenders or withdraws from the Feature prior to the Principal Protection Expiration Date. Insurers intend to set the rates for the Principal Protection Fee monthly. The rate in effect at the time of Contract purchase will lock in for the life of the Feature. The Principal Protection Fee is expected to fall within the range set forth below based on current market conditions, but will not exceed 2.00 percent:

Level of guarantee percent of purchase payment	Charge range as a percent of contract value
115	1.25-2.00
11075-1.50
9050-1.25

Similar to the Principal Protection Fee, the Insurers may modify the amount of the Principal Protection Cancellation Charge periodically but the amount of the charge in effect at the time of Contract purchase will lock in for the life of the Principal Protection Feature. The maximum levels of Principal Protection Cancellation Charge are:

Contract year	Principal protection cancellation charge (as a percentage of premium not previously surrendered)
1	4
2	4

¹ Contract Value equals the amount of premium reduced by all charges and partial withdrawals made, and increased or decreased by the amount of investment performance credited to the Contract.

Contract year	Principal protection cancellation charge (as a percentage of premium not previously surrendered)
3	4
4	3
5	3
6	3
7	1
8	1

12. In addition to the Principal Protection Cancellation Charge, a contingent deferred sales charge ("CDSC") may be imposed on certain withdrawals from all Contracts (whether or not they include the Principal Protection Feature). The CDSC decreases from 6% to 0% over nine years. However, 10% of the premium may be withdrawn each year after the first Contract year without the imposition of the CDSC, and the Principal Protection Cancellation Charge (when an owner has the Feature).

Applicants' Legal Analysis

1. Section 6(c) authorizes the Commission, by order upon application, to conditionally or unconditionally grant an exemption from any provision, rule, or regulation of the Act to the extent that the 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 Act. Because the provisions described below may be inconsistent with certain aspects of the Principal Protection Feature's charge structure, Applicants seek exemptions from Sections 2(a)(32), 22(c), 27(i)(2)(A) of the Act and Rule 22c-1 thereunder, to the extent necessary, pursuant to Section 6(c) to assess the Principal Protection Cancellation Charge against Contract owners enrolled in the Principal Protection Feature who surrender or partially withdraw from the Contracts prior to the Principal Protection Expiration Date.

2. Section 2(a)(32) of the Act defines "redeemable security" as any security under the terms of which the holder, upon its presentation to the issuer, is entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent thereof.

3. As discussed above, the Principal Protection Cancellation Charge compensates each Insurer for the risks such Insurer assumes should a Contract owner enrolled in the Principal Protection Feature surrender or partially

withdraw from a Contract prior to the Principal Protection Expiration Date. This charge is not assessed at redemption for administrative expenses. The Principal Protection Cancellation Charge represents a charge for an optional insurance benefit for which each Insurer is entitled to receive compensation. In this manner, Applicants state that the charge is similar to other charges made by insurers, and approved by the Commission, at redemption for optional insurance benefits. Accordingly, Applicants assert that the deduction of a Principal Protection Cancellation Charge is a legitimate charge for an optional insurance benefit under the Contracts, and therefore does not reduce the amount of Fund BD III's or Fund BD IV's current net assets that a Contract owner otherwise would be entitled to receive.

4. Moreover, Applicants submit that although Section 2(a)(32) does not specifically contemplate the imposition of a charge at the time of redemption, such charge is not necessarily inconsistent with the definition of "redeemable security." Applicants argue that a cancellation charge is little different, for this purpose, from the "redemption" charge authorized in Section 10(d)(4) of the Act. Congress, according to Applicants, intended that such a redemption charge, which is expressly described as a "discount from net asset value," be deemed consistent with the concept of "proportionate share" under Section 2(a)(32).

5. Consistent with Section 2(a)(32), therefore, Applicants submit that the Contracts will be "redeemable securities." The Contracts provide for surrender and partial withdrawal of Contract Value. The prospectuses for the Contracts disclose the contingent nature of the Principal Protection Cancellation Charge. Accordingly, Applicants assert that there will be no restriction on or impediment to, surrender or partial withdrawal that should cause the Contracts to be considered other than redeemable securities within the meaning of the Act and rules thereunder. Upon surrender or partial withdrawal of a Contract enrolled in the Principal Protection Feature, a Contract owner will receive his "proportionate share" of the relevant Separate Account: *i.e.*, the amount of the premium reduced by the amount of all charges and increased or decreased by the amount of investment performance credited to the Contract.

6. Rule 22c-1, promulgated under Section 22(c) of the Act, imposes requirements with respect to both the amount payable on redemption and the

time as of which such amount is calculated. Specifically, Rule 22c-1, in pertinent part, prohibits a registered investment company issuing a redeemable security and its principal underwriter from selling, redeeming, or repurchasing any such security, except at a price based on the current 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.

7. Regarding the amount payable, Applicants submit that the assessment of the Principal Protection Cancellation Charge, an insurance charge, upon surrender or partial withdrawal of a Contract enrolled in the Principal Protection Feature, does not alter a Contract owner's current net asset value. Furthermore, regarding the timing requirement of Rule 22c-1, Applicants, consistent with their current procedures, state that they will determine the cash surrender value under a Contract in accordance with Rule 22c-1 on a basis next computed after receipt of a Contract owner's request for surrender or partial withdrawal. Accordingly, Applicants submit that they will comply with both the amount payable and timing requirements of Rule 22c-1.

8. In addition, the deduction of the Principal Protection Cancellation Charge is consistent with the policy behind Rule 22c-1. Applicants state that the Commission's purpose in adopting Rule 22c-1 was to minimize (i) dilution of interests of the other security holders and (ii) speculative trading practices that are unfair to such holders. Applicants assert that the Principal Protection Cancellation Charge would in no way have the dilutive effect which Rule 22c-1 is designed to prohibit, because a surrendering Contract owner would "receive" no more than an amount equal to the Contract Value determined pursuant to the formula set out in his Contract and after receipt of his request. Furthermore, Applicants claim, variable annuities, by nature, do not lend themselves to the kind of speculative short-term trading that Rule 22c-1 was aimed against, and, even if they could be so used, the Principal Protection Cancellation Charge would discourage, rather than encourage, any such trading.

9. Applicants also assert that the deduction of the Principal Protection Cancellation Charge upon surrender or partial withdrawal from Contracts enrolled in the Principal Protection Feature will be advantageous to Contract owners for a number of reasons. First, a deferred charge structure has long been accepted as an

appropriate feature of variable annuities. The existence of products with deferred charges provides investors a valuable choice, and according to Applicants, the Commission and its staff have supported efforts to expand investor choice without sacrificing investor protection. In this context a deferred charge structure also reinforces the intention that the product be held as a long-term investment. Second, the amount of the Contract owners' premiums that will be allocated to the relevant Separate Account, and be available to earn a return for the Contract owners, will be greater than it would be if the charges were deducted from the premiums. Applicants submit that the Commission recognized this in authorizing deferred sales charges for variable annuity contracts pursuant to Rule 6c-8 under the Act.

10. Finally, Applicants assert that their charge structure provides equitable treatment to all Contract owners enrolled in the Principal Protection Feature. Applicants state that they established the charge structure of the Principal Protection Feature so that each Insurer may recover its costs over the life of the guarantee. If Contract owners who selected the Principal Protection Feature could surrender or partially withdraw from the Contracts prior to the Principal Protection Expiration Date without the imposition of the Principal Protection Cancellation Charge, each Insurer may not be able fully to recover its costs. If each Insurer did not assess the Principal Protection Cancellation Charge and instead increased the Principal Protection Fee or added a front-end charge, the Insurer could be charging persisting Contract owners enrolled in the Feature more than may otherwise be necessary to recover the costs attributable to such Contract owners. Accordingly Applicants submit that the Contracts will satisfy the requirements of Rule 22c-1.

11. Section 27(i)(2)(A) of the Act, in pertinent part, makes it unlawful for any registered separate accounting funding variable insurance contracts, or for the sponsoring insurance company of such account, to sell any such contract unless such contract is a redeemable security. Applicants submit that the assessment of a Principal Protection Cancellation Charge should not be construed as a restriction on redemption. Applicants maintain that the Contracts enrolled in the Principal Protection Feature are redeemable securities and that the imposition of the Principal Protection Cancellation Charge upon surrender or partial withdrawal represents nothing more than the deduction of an insurance charge. Moreover, as Applicants

previously stated, the charge is only assessed if the Contract owner has elected the Principal Protection Feature. Accordingly, Applicants submit that the Contracts will satisfy the requirements of Section 27(i)(2)(A).

12. Applicants seek the relief requested herein not only with respect to themselves and the Contracts described above, but also with respect to Future Underwriters. Applicants represent that the terms of the relief requested with respect to any Future Underwriter are consistent with standards set forth in Section 6(c) of the Act.

13. Applicants state that, without the requested class relief, exemptive relief for any Future Underwriter would have to be requested and obtained separately. Applicants assert that these additional requests for exemptive relief would present no issues under the Act not already addressed herein. Applicants state that if the Applicants were to repeatedly seek exemptive relief with respect to the same issues addressed herein, investors would not receive additional protection or benefit, and investors and the Applicants could be disadvantaged by increased costs from preparing such additional requests for relief. Applicants argue that the requested class relief is appropriate in the public interest because the relief will promote competitiveness in the variable annuity market by eliminating the need for Applicants to file redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources. Elimination of the delay and the expense of repeatedly seeking exemptive relief would, Applicants argue, enhance each Applicant's ability effectively to take advantage of business opportunities as such opportunities arise. Applicants submit, for all the reasons stated herein, that their request for class exemptions 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 Act, and that an order of the Commission including such class relief, should therefore, be granted.

Conclusion

For the reasons stated above, Applicants believe that the requested exemptions, in accordance with the standards of Section 6(c), 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 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99-24185 Filed 9-15-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24005; 812-11720]

Vision Group of Funds, Inc. and Manufacturers and Traders Trust Company; Notice of Application

September 9, 1999.

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

ACTION: Notice of an application under section 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit a series of a registered open-end management investment company to acquire all of the assets, subject to the liabilities, of two other series of the investment company. Because of certain affiliations, applicants may not rely on rule 17a-8 under the Act.

APPLICANTS: Vision Group of Funds, Inc. ("Vision Funds") and Manufacturers and Traders Trust Company ("M&T Bank").

FILING DATES: The application was filed on July 29, 1999 and amended on September 8, 1999.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing request should be received by the Commission by 5:30 p.m. on October 4, 1999, and should be accompanied by proof of service on applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609; Applicants: c/o Matthew G. Maloney, Esq., Dickstein Shapiro Morin & Oshinsky LLP, 2101 L Street, N.W., Washington, D.C. 20037.