partnership. On August 17, 1987, applicant registered under the Act and filed a registration statement to register its securities under the Securities Act of 1933. Applicant's registration statement was declared effective on November 9, 1988, and its initial public offering commenced shortly thereafter.

2. On January 7, 1992, in light of applicant's small size and the resulting unlikelihood of achieving economies of scale, the Individual General Partners of applicant unanimously approved a Plan of Dissolution, Liquidation, and Termination (the ''Plan'') providing for the dissolution of applicant, the liquidation of applicant's assets, and the distribution of the proceeds from such liquidation to applicant's unitholders. Proxy materials relating to the Plan were filed with the SEC and distributed to unitholders on or about March 26, 1992. On April 30, 1992, a majority of applicant's unitholders approved the Plan.

3. As of April 30, 1992, applicant had 249,941.79 units of partnership interest outstanding, with a net asset value of $10.38 per unit and an aggregate net asset value of $2,594,406.15. On May 1, 1992, applicant's assets were liquidated and the proceeds of such liquidation, less an amount retained for liabilities, were distributed to applicant's unitholders in an amount based upon applicant's per share net asset value. All sales of portfolio securities were executed in open market transactions through brokers or dealers not affiliated with applicant or its investment adviser.

4. The expenses applicable to the liquidation amounted to approximately $64,317.06. These expenses, which were for accounting, printing, administrative, and legal services, were borne by applicant's investment adviser and administrator. In addition, prior to distribution of applicant's assets, its adviser and administrator contributed to applicant's assets an amount equal to applicant's unamortized organizational expenses.

5. At the time of filing the application, applicant had no assets or liabilities. Applicant has no unitholders and is not a party to any litigation or administrative proceeding. Applicant is not engaged in, and does not propose to engage in, any business activities other than those necessary for the winding-up of its affairs. To effect the dissolution of applicant as a Delaware limited partnership, a certificate of cancellation will be filed with the Secretary of State of the State of Delaware.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–11137 Filed 5–3–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21931; File No. 812–10100]

The Manufacturers Life Insurance Company of America, et al.

April 30, 1996.

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

ACTION: Notice of application for exemptions under the Investment Company Act of 1940 (''1940 Act'').

APPLICANTS: The Manufacturers Life Insurance Company of America, (''Company''), Separate Account Three of The Manufacturers Life Insurance Company of America (''Account'') and ManEquity, Inc. (''ManEquity'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) for exemptions from Section 27(a)(3) of the 1940 Act and Rule 6e–3(T)(b)(13)(ii) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to permit the front-end sales load imposed under certain flexible premium variable life insurance policies (''Policies'') to be eliminated for payments in excess of one Target Premium in any Policy year.

FILING DATE: The application was filed on April 23, 1996. Applicants represent that they will amend the application during the notice period to conform to the representation set forth herein.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless a hearing is ordered. Interested persons may request a hearing by writing to the SEC's Secretary and serving the Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the SEC by 5:30 p.m. on May 21, 1996 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 the date of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, The Manufacturers Life Insurance Company of America, 200 Bloor Street East, Toronto, Ontario, Canada M4W 1E5.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel, or Wendy Finck Friedlander, Deputy Chief, at (202) 942–0670, Office of Insurance Products, Division of Investment Management.

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

Applicants' Representations

1. The Company is a stock life insurance company organized under the laws of the State of Pennsylvania on April 11, 1977 and redomesticated under the laws of Michigan on December 9, 1992. The Company is a wholly-owned subsidiary of Manulife Reinsurance Corporation (U.S.A.), which in turn is a wholly-owned subsidiary of Manufacturers Life, a mutual life insurance company based in Toronto, Canada. The Company is authorized to do business in the District of Columbia and in all states of the United States except the State of New York.

2. The Account was established under Pennsylvania law on August 22, 1986. Since December 9, 1992, the Account has been operated under Michigan law. The assets of the Account fund the Policies and certain other variable life insurance policies issued by the Company. The Account is registered under the 1940 Act as a unit investment trust.

3. ManEquity, an indirect, wholly-owned subsidiary of Manulife Reinsurance Corporation (U.S.A.), is registered with the Commission as a broker-dealer and is a member of the National Association of Securities Dealers, Inc. ManEquity is the principal underwriter for the Policies and for other variable life insurance policies and variable annuity contracts issued by the Company.

4. The Policies are flexible-premium survivorship life insurance policies that permit accumulation of Policy Values on a variable, fixed, or combination of variable and fixed basis. The Company will issue a Policy with a face amount of at least $250,000, and will generally issue Policies only to persons who have not attained age 90.

5. A Policy owner may pay premiums at any time and in any amount, subject to certain limitations. At a Policy's maturity, Policy Value, minus any outstanding Policy loans and unpaid interest thereon, is paid to the Policy owner.

6. Policy Values currently may be allocated among sub-accounts of the Account (''Investment Accounts'') that

invest in nine investment company portfolios of Manulife Series Fund, Inc. and seven portfolios of NASL Series Trust, or may be allocated to a fixed rate (general account) option. Policy Values may be transferred among the Investment Accounts and to and from the fixed rate option, subject to certain restrictions described in the prospectus for the Policies. The Policies also permit asset allocation rebalancing and dollar cost averaging. Policy Values may be accessed by means of partial withdrawals or a total surrender of a Policy, or by taking a Policy loan.

7. The Policies offer a choice of two death benefit options. Under Option 1, the death benefit is the face amount of the Policy or, if greater, the Policy Value multiplied by the corridor percentage applicable for the age of the youngest insured as set forth in the ''Corridor Percentage Table'' which is contained in the prospectus. Under Option 2, the death benefit is the face amount of the Policy plus the Policy Value, or, if greater, the Policy Value multiplied by the corridor percentage applicable for the age of the youngest insured, as set forth in the Corridor Percentage Table. If the Policy is in force at the time of the last surviving insured's death, the Company will pay, upon receipt of due proof of death, an insurance benefit based on the death benefit option selected by the Policy owner.

8. In those states where permitted, the Policies also provide for certain guarantees that a Policy will not go into default, even if a combination of Policy loans, adverse investment experience or other factors should cause the Policy's net cash surrender value to be insufficient to meet the monthly deductions due at the beginning of a Policy month. Depending upon the type of guarantee selected, for additional monthly premiums set forth in the Policy, the amounts of which are based upon (1) the supplementary benefits available under the Policy and selected by the Policy owner and (2) the risk classification of any life insured under the Policy, the Company will provide guarantees against lapse if, as of the beginning of the Policy month, the sum of all premiums paid to date less any partial withdrawals and less any Policy debt is greater than or equal to the sum of the premiums due for the guarantee elected since the Policy Date.

9. The Company deducts a charge of 2.35% of each premium payment for state and local taxes and a charge of 1.25% of each premium payment to reimburse the Company for a portion of its increased federal tax liability in connection with receipt of premiums under the Policies under Section 848 of the Internal Revenue Code of 1986, as amended. The Company currently intends to cease these deductions at the end of the tenth Policy year, but reserves the right to continue these deductions beyond the tenth Policy year.

10. The Policies have a front-end sales load equal to 5.5% of all premiums paid in each Policy year up to one Target Premium;[1] for premium payments in excess of one Target Premium in a Policy year there is no front-end sales charge. This deduction is guaranteed to cease at the end of the tenth Policy year, or ten years after a face amount increase, as applicable. Payments made after ten Policy years, (or, if there has been a face amount increase, ten Policy years after that increase) are not subject to a front-end sales charge.

11. In addition, the Company will assess surrender charges upon the surrender of a Policy, on certain partial withdrawals under a Policy, in the event of a decrease in the face amount of a Policy or a cancellation of an increase, and in the event that a Policy lapses. If applicable, these charges will be assessed if any of these transactions occurs within the applicable surrender charge period as set forth in the Policy. There are two surrender charges: a deferred underwriting charge (''DUC'') and a contingent deferred sales charge (''CDSC'').

12. The DUC is $4 for each $1,000 of face amount of life insurance coverage initially purchased or added by increase. This charge applies only to the first $1,000,000 of face amount initially or the first $1,000,000 of each subsequent increase in face amount. The DUC is designed to cover the administrative expenses associated with underwriting and Policy issuance.

13. The maximum CDSC under the Policies is equal to one Target Premium multiplied by percentages shown in Table 1 of the prospectus for the Policies, which percentage grade down over fifteen Policy years to 0% (but in no event will the sum of the CDSC and the front-end sales charge exceed the amount permitted by Section 27(a)(2) of the 1940 Act). Except for surrenders to which the sales charge limitations provisions described below apply, 100% of the CDSC will be in effect for at least the first six Policy years for lives insured with either an average issue age (or average attained age at the time of a face amount increase) of 0–75. For average ages higher than 75, the CDSC will grade down more rapidly, at a rate that is also set forth in Table 1 of the prospectus.

[1] A Target Premium is a measure of premium specified in a policy that varies from insured to insured and never exceeds a Guideline Annual Premium (''GAP''), as defined in Rule 6e–3(T)(c)(8) under the 1940 Act.

14. In order to determine the CDSC applicable to a face amount increase, the Company will treat a portion of the Policy Value on the date of increase as a premium attributable to the increase. In addition, a portion of each premium paid on or subsequent to the increase will be attributed to the increase. In each case, the portion attributable to the increase will be the ratio of the GAP for the increase to the sum of the GAPs for the initial face amount and all increases including the requested increase.

15. If a Policy is surrendered or lapsed, or a face amount decrease is requested at any time during the first two years after issuance (for corporate owned Policies) or after an increase in face amount, the Company will forego taking that part of the CDSC with respect to ''premiums'' paid for the initial face amount or that increase (including the portion of Policy Value treated as premiums for the increase, as described above), whichever is applicable, which exceeds the sum of (i) 30% of the premiums paid up to the lesser of one GAP or the cumulative premiums paid to the surrender date, plus (ii) 10% of the premiums paid in excess of one GAP, up to the lesser of two GAPs or the cumulative premiums paid to the surrender date, plus (iii) 9% of the premiums paid in excess of two GAPs, reduced by the amount of all sales charges previously taken.

16. Since a CDSC is deducted when a Policy terminates for failure to make the required payment following a Policy default, the sales charge limitation described above will apply if the termination occurs during the two-year period following issuance or any increase in face amount. If the Policy terminates during the two years after a face amount increase, the limitation will relate only to the CDSC applicable to the increase.

17. A monthly charge (at a minimum rate of $30 per Policy month and a maximum rate of $60 per month) is deducted from the Policy Value for administration of the policies. The monthly administration charge is $.04 per $1,000 of ace amount until the later of the youngest living life insured's attained age 55 or the end of the fifteenth Policy year. Thereafter, the charge is $0.

18. A cost of insurance charge that is guaranteed to be no more than that permitted under the applicable 1980 Commissioners Standard Ordinary Mortality Table is deducted from Policy Value each month. This charge compensates the Company for the death

benefits provided under the Policies and varies from insured to insured based upon issue age, gender (except where unisex rates are mandated by law), smoking status and risk class. Cost of insurance rates on amounts added by face increase are based on the same factors, but determined based upon the time of increase instead of issue.

19. A mortality and expense risk charge is deducted from Policy Value at the beginning of each Policy month, at a rate of .067% through the later of the tenth Policy year and the youngest life insured's attained age 55. Currently, it is expected that this charge will reduce to .0215 per month thereafter, although the Company reserves the right not to reduce this charge.

20. Charges will be imposed on certain transfers of Policy Values, including a $35 charge for transfers in any Policy month after the first transfer, a $15 charge for each asset allocation rebalancing transfer and a $5 charge for each dollar cost averaging transfer when Policy Value does not exceed $15,000.

Applicants' Legal Analysis

1. Section 27(a)(3) of the 1940 Act provides that the amount of sales charge deducted from any of the fist twelve monthly payments of a periodic payment plan certificate may not exceed proportionately the amount deducted from any other such payment, and that the amount deducted from any subsequent payment may not exceed proportionately the amount deducted from any other subsequent payment. This prohibition is commonly referred to as the ''stair-step'' rule.

2. Rule 6e–3(T)(b)(13)(ii) provides an exemption from Section 27(a)(3), provided that the proportionate amount of sales charge deducted from any payment does not exceed the proportionate amount deducted from any prior payment.

3. Under the Policies described herein, a Policy owner paying premiums in excess of the Target Premium in any of the first ten Policy years will pay a 5.5% front-end sales load on the portion of the premium up to the Target Premium, but will pay no front-end sales load on premiums about the Target Premium in that year. Applicants submit that this sales load structure could be deemed to violate Section 27(a)(3). In addition, a Policy owner paying more than a Target Premium in any of the first ten Policy years who subsequently makes a premium payment equal to the Target Premium will pay a higher front-end sales in that subsequent Policy year. Consequently, the exemption provided in Rule 6e–3(T)(b)(13)(ii) would be unavailable.

4. According to the Applicants, Section 27 was designed to protect Policy owners against sales load structures that deducted large amounts of front-end sales charges so early in the life of a Policy that little of the Policy owner's early payments were actually invested, or if an owner redeemed in the early years of an investment, that investor would recoup little of his or her investment upon redemption. Applicants assert that the front-end sales load structure under the Policies does not present these concerns. Rather, Applicants state that they expect that by imposing a lower front-end sales load on premiums in excess of the Target Premium, the Company will lower the aggregate level of sales load paid in each of the first ten Policy years (or the first ten years after a face amount increase).

5. Applicants state that the Company's front-end sales load structure significantly benefits Policy owners by eliminating sales charges on payments in excess of Target Premiums in any Policy year. According to the Applicants, the Company could avoid the stair-step issue presented by Section 27(a)(3) and Rule 6e–3(T) simply by imposing a higher front-end load on the full amount of premium payments in each Policy year, including amounts over the Target Premium. Under this arrangement, however, a Policy owner would pay a higher overall sales load, and would be left with a smaller percentage of his or her premium payment for investment under the Policy. Further, if the Company were to impose the higher sales charge on premiums about the Target Premium, it would generate more revenue from the Policies than it believes necessary to support the distribution costs associated with the Policies.

6. Rule 6e–3(T)(b)(13)(ii) contains an exception to its policy prohibiting increases in sales load that allow insurance companies to charge a lower sales charge or amounts transferred to a flexible premium variable life insurance policy from another plan of insurance, and thereafter to impose a full sales charge on later premium payments. Applicants contend that this exception implicitly recognizes that insurance companies incur lower costs on premium payments that consist of amounts transferred from other policies and permits insurance companies to pass those costs savings through to Policy owners. For the same reason, Applicants submit that the Company should be permitted to pass through to Policy owners its reduced costs with respect to premiums about the Target Premium by reducing its front-end sales load on premiums above the Target Premium in each Policy year that a front-end sales load applies.

Conclusion

For the reasons set forth above, Applicants submit that the requested exemptions from the provisions of Section 27(a)(3) of the 1040 Act and Rule 6e–3(T)(b)(13)(ii) thereunder, are in accordance with the standards of Section 6(c) of the 1940 Act, and with the protection of investors and the purposes and policies of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–11231 Filed 5–3–96; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–37149; File No. SR–DCC–96–05]

Self-Regulatory Organizations; Delta Clearing Corp.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to a Change in Interdealer Brokers

April 29, 1996.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on April 17, 1996, Delta Clearing Corp. (''DCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by DCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The purpose of the proposed rule change is to revise the procedures for DCC's Over-The-Counter Options Trading System by including in the definition of ''RMJ'' a statement that all references to RMJ in the procedures shall be deemed to be references to the broker then performing the duties and responsibilities of RMJ under the procedures.

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

In its filing with the Commission, DCC included statements concerning the purpose of and basis for the proposed rule change and discussed any

[1] 15 U.S.C. 78s(b)(1) (1988).