same issues, investors would not receive any benefit or additional protection.

Conclusion

For the reasons summarized above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–19248 Filed 7–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22088; No. 812–10144]

IDS Life Insurance Company of New York, et al.

July 23, 1996.

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

ACTION: Notice of application for an order pursuant to the Investment Company Act of 1940 (the ''1940 Act'').

APPLICANTS: IDS Life Insurance Company of New York (''IDS Life''), IDS Life of New York Flexible Portfolio Annuity Account (the ''Variable Account''), and American Express Financial Advisors Inc. (''Advisors'').

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 6(c) of the 1940 Act granting exemptions from the provisions of Sections 26(a)(2)(C) and 27(c)(2) thereof.

SUMMARY OF APPLICATION: Applicants seek an order permitting the deduction of a mortality and expense risk charge from the assets of (a) the Variable Account in connection with the offer and sale of certain variable annuity contracts (''Existing Contracts''); (b) the Variable Account in connection with the issuance of variable annuity contracts that are substantially similar in all material respects to the Existing Contracts (''Future Contracts,'' together with Existing Contracts, the ''Contracts''); and (c) any other separate account established in the future by IDS Life in connection with the issuance of Contracts (''Future Accounts''). Exemptive relief also is requested to the extent necessary to permit the offer and sale of Contracts for which certain broker-dealers other than Advisors serve as the principal underwriter.

FILING DATE: The application was filed on May 14, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on August 19, 1996, and must be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street N.W., Washington, D.C. 20549. Applicants, c/o Mary Ellyn Minenko, Counsel, IDS Life Insurance Company of New York, IDS Tower 10, Minneapolis, Minnesota 55440.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior Counsel, or Wendy F. Friedlander, Deputy 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.

Applicants' Representations

1. IDS Life is a stock life insurance company which is organized under the laws of New York. IDS Life is a wholly-owned subsidiary of IDS Life Insurance Company, a stock insurance company organized under the laws of Minnesota, which is a wholly-owned subsidiary of American Express Financial Corporation.

2. Advisors, the principal underwriter for the Variable Account, is registered as a broker-dealer pursuant to the Securities Exchange Act of 1934 (''1934 Act'') and is a member of the National Association of Securities Dealers, Inc. (''NASD'').

3. The Variable Account was established on April 17, 1996, as a separate account pursuant to the laws of New York. The Variable Account will be used to fund the Existing Contracts.

4. The Existing Contracts are available for purchase in connection with retirement plans that qualify for federal tax advantages available pursuant to the Internal Revenue Code (''qualified contracts'') or for plans that do not so qualify (''non-qualified contracts'').

5. The Existing Contracts provide for the accumulation of contract values and payment of annuity benefits on a fixed and/or variable basis. Purchase payments may be directed to the general account of IDS Life pursuant to a fixed account option (the ''Fixed Account''), the Variable Account, or allocated between them. Existing Contracts may be purchased with either an initial purchase payment, of at least $2,000 for nonqualified Contracts and $1,000 for qualified Contracts, or installment payments. Additional purchase payments may be made in accordance with certain requirements.

6. The Variable Account currently has fourteen subaccounts (''Subaccounts''), each of which will invest solely in the shares of one of the corresponding funds of a registered open-end management investment company managed by IDS Life Insurance Company (the ''Funds''). IDS Life may create additional subaccounts and/or variable accounts to invest in additional Funds as future investment options.

7. Prior to the annuity date, the owner of an Existing Contract can, at any time, transfer all or part of the Contract value held in one or more of the Subaccounts or the Fixed Account to another Subaccount or the Fixed Account. However, if an owner of an Existing Contract has made a transfer from the Fixed Account to a Subaccount, the Contract owner may not transfer from any Subaccount back to the Fixed Account until the next Contract anniversary. Once annuity payments begin, no transfers may be made to or from the Fixed Account, but transfers may be made once per Contract year among the Subaccounts.

8. The Existing Contracts provide that if the Contract owner or the annuitant dies (or, for qualified annuities, if the annuitant dies) before annuity payments begin, IDS Life will pay the beneficiary a death benefit as follows:

(a) If death occurs before the 75th birthday of the owner or the annuitant, the beneficiary receives the greater of:

(1) The Contract value,

(2) The Contract value as of the most recent sixth Contract anniversary, minus any surrenders since that anniversary, or

(3) Purchase payments, minus any surrenders; or

(b) If death occurs on or after the owner's or annuitant's 75th birthday, the beneficiary receives the greater of:

(1) The Contract value, or

(2) The Contract value as of the most recent sixth Contract anniversary, minus any surrenders since that anniversary.

9. IDS Life will assess an annual Contract administrative charge

(''Administrative Charge'') of $30 on each Contract anniversary or earlier when an Existing Contract is fully surrendered. IDS Life currently waives the Administrative Charge for any Contract year in which total purchase payments under a Contract, less any payments surrendered, equal or exceed $25,000 on the Contract anniversary. However, IDS Life reserves the right to assess the Administrative Charge against all Existing Contracts. The Administrative Charge reimburses IDS Life for the administrative costs attributable to the Exist Contracts, and does not apply after annuity payments begin. Applicants represent that they rely on Rule 26a-1 under the 1940 Act in connection with the Administrative Charge.

10. IDS Life does not currently assess any charges for premium taxes or other federal, state or local taxes paid in connection with the Existing Contracts, but reserves the right to assess such charges.

11. No sales charge is collected or deducted at the time purchase payments are made, pursuant to the Existing Contracts. IDS Life will, however, assess a contingent deferred sales charge (''CDSC'') on certain full or partial surrenders. The amounts obtained from the CDSC will be used to help defray expenses incurred in connection with the sale of the Existing Contracts, including commissions and other promotional or distribution expenses associated with the printing and distribution of prospectuses and sales material. The CDSC applies to all purchase payments surrendered in the first eight Contract years. The CDSC is 7 percent of any purchase payments surrendered during the first three Contract years, then declines by 1 percent per year from 6 percent in the fourth year to 2 percent in the eighth year. No CDSC applies after 8 Contract years. In addition, no CDSC applies to earnings under Existing Contracts, to minimum required distributions from certain qualified plans, to Existing Contracts settled using an annuity payout plan or to death benefits.

12. IDS Life assumes certain mortality risks through its contractual obligation to continue to make retirement payments for the entire life of the annuitant under annuity obligations which involve life contingencies. This assures each annuitant that neither the annuitant's own longevity nor an improvement in life expectancy generally will have an adverse effect on the retirement payments received under the Existing Contracts. IDS Life assumes additional mortality risks under the Existing Contracts through its contractual obligation to pay a death benefit upon the death of the owner or annuitant prior to the retirement date.

13. IDS Life assumes an expense risk because the Administrative Charge may be insufficient to cover actual administrative expenses, which include the costs and expenses of: processing purchase payments, retirement payments, surrenders and transfers; furnishing confirmation notices and periodic reports; calculating mortality and expense risk charges; preparing voting materials and tax reports; updating registration statements; and actuarial and other expenses.

14. As compensation for assuming mortality and expense risks, IDS Life will assess a daily charge (''Mortality and Expense Risk Charge'') equaling 1.25 percent of the average daily net assets of the Subaccounts on an annual basis. Approximately two-thirds of this charge is for the assumption of the mortality risk and one-third is for the assumption of the expense risk. The Mortality and Expense Risk Charge cannot be increased during the life of the Existing Contracts and does not apply to the Fixed Account.

15. If the Mortality and Expense Risk Charge is insufficient to cover the expenses and costs assumed, the loss will be borne by IDS Life. Conversely, if the amount deducted proves more than sufficient, the excess will represent a profit to IDS Life. IDS Life expects to profit from the Mortality and Expense Risk Charge. The profit will be available to IDS Life for any proper corporate purpose including, among other things, payment of distribution expenses.

Applicants' Legal Analysis

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

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

3. Applicants request an order pursuant to Section 6(c) of the 1940 Act exempting them from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of the Mortality and Expense Risk Charge from the assets of the Variable Account and any Future Accounts in connection with the Contracts. Applicants also request exemptions to the extent necessary to permit the offer and sale of Contracts for which any broker-dealer that is registered pursuant to the 1934 Act and a member of the NASD serves as principal underwriter.

4. Applicants represent that the level of the Mortality and Expense Risk Charge is within the range of industry practice for comparable variable annuity products. IDS Life has reviewed publicly available information about other annuity products taking into consideration such factors as current charge levels, charge guarantees, sales loads, surrender charges, availability of funds, investment options available under annuity contracts, and market sector. IDS Life represents that it will maintain at its executive office, and make a available on request of the Commission or its staff, a memorandum setting forth its analysis, including its methodology and results.

5. Applicants represent that, prior to offering Future Contracts, they will conclude that any mortality and expense risk charge under such Contracts (which cannot exceed in amount the Mortality and Expense Risk Charge) will be within the range of industry practice for comparable annuity contracts. IDS Life represents that it will maintain at its executive office, and make available on request of the Commission or its staff, a memorandum setting forth its analysis, including its methodology and results.

6. Applicants acknowledge that, if a profit is realized from the Mortality and Expense Risk Charge, all or a portion of such profit may be available to pay distribution expenses not reimbursed under the Contracts. IDS Life has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the Variable Account (or Future Accounts) and owners of the Existing Contracts (or Future Contracts). The basis for such conclusion is set forth in a memorandum which will be maintained by IDS Life at its executive

office and will be available to the Commission or its staff on request.

7. IDS Life represents that the Variable Account, or future accounts, will invest only in underlying mutual funds which, in the event they should adopt any plan under Rule 12b-1 of the 1940 Act to finance distribution expenses, would have such a plan formulated and approved by a board of directors, a majority of the members of which are not interest persons of such fund within the meaning of Section 2(a)(19) of the 1940 Act.

8. Applicants submit that their request for exemptive relief for Future Contracts and Future Accounts would promote competitiveness in the variable annuity contract market by eliminating the need for redundant exemptive applications, thereby reducing Applicants' administrative expenses and maximizing the efficient use of their resources. Applicants further submit that the delay and expense involved in having repeatedly to seek exemptive relief would impair their ability effectively to take advantage of business opportunities as they arise. Further, if Applicants were required repeatedly to seek exemptive relief with respect to the same issues addressed in this application, investors would not receive any benefit or additional protection.

Conclusion

For the reasons summaized above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purpose fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–19249 Filed 7–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22087; 811–3882]

PaineWebber Atlas Fund; Notice of Application

July 23, 1996.

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

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

APPLICANT: PaineWebber Atlas Fund.

RELEVANT ACT SECTION: Order requested under section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on June 12, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the applicant will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 19, 1996, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, 1285 Avenue of the Americas, New York, N.Y. 10019.

FOR FURTHER INFORMATION CONTACT: Christine Y. Greenless, Senior Counsel, (202) 942–0581, or Robert A. Robertson, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

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

Applicant's Representations

1. Applicant is an open-end management investment company organized as a Massachusetts business trust.[1] On June 10, 1983, applicant filed a registration statement on Form N–1A number section 8(b) of the Act and the Securities Act of 1933 to register an indefinite number of shares of beneficial interest. The registration statement became effective on October 13, 1983, and the initial public offering commenced thereafter. Applicant offers one series, PaineWebber Atlas Global Growth Fund (''Atlas Fund'').

2. On April 28, 1995, applicant's trustees adopted resolutions approving an Agreement and Plan of Reorganization and Termination (''Plan'') between applicant and PaineWebber Investment Trust on behalf of a series, PaineWebber Global Equity Fund (''Global Equity Fund''). The Plan provided that applicant would transfer its assets to Global Equity Fund in exchange for shares of Global Equity Fund. Applicant's trustees found that the Plan was in the best interests of Atlas Fund and that the interests of Atlas Fund's shareholders would not be diluted as a result of the reorganization contemplated by the Plan.

3. A proxy statement was filed with the SEC and distributed to applicant's shareholders on or about June 21, 1995. Applicant's shareholders approved the Plan on July 21, 1995.

4. On August 25, 1995 (the ''Closing Date''), applicant had total net assets of $292,492,539, comprising 9,177,350 Class A shares at a net asset value of $13.89 per share, 7,167,204 Class B shares at a net asset value of $13.50 per share, 1,998,736 Class C shares at a net asset value of $14.01 per share, and 2,959,973 Class D shares at a net asset value of $13.59 per share.

5. Pursuant to the Plan, on the Closing Date, Global Equity Fund acquired all of the assets of applicant in exchange solely for shares of beneficial interest in Global Equity Fund and the assumption by Global Equity Fund of all of applicant's liabilities. The number of shares of Global Equity Fund issued to applicant was determined by dividing the net asset value of each share of applicant by the net asset value of a share of Global Equity Fund. On the same date, applicant liquidated and distributed *pro rata* to its shareholders the shares of Global Equity Fund received by applicant in the reorganization.

6. Expenses incurred in connection with the Plan consisted primarily of legal expenses, printing and mailing expenses, registration fees, and miscellaneous accounting and administrative expenses. These expenses totalled approximately $400,000, and were borne by applicant and Global Equity Fund, as well as two other funds that simultaneously exchanged their assets for shares of Global Equity Fund (PaineWebber Europe Growth Fund and PaineWebber Global Growth and Income Fund), in proportion of each of their respective net assets.

7. As of the date of the application, applicant had no shareholders, assets, or liabilities, and was not a party to any litigation or administrative proceeding. Applicant is not presently engaged, nor does it propose to engage, in any business activities other than those necessary for the winding-up of its affairs.

8. On November 4, 1995, applicant filed an Officer's Certificate of Termination with the Office of the

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[1] Applicant was organized initially as a Maryland corporation and was later reorganized as a Massachusetts business trust.