

the plans and distributions from VLI and VA contracts are taxed, applicants maintain that these differences will have no impact on the Trust. VLI accounts, VA accounts, participating insurance companies and the plans each will redeem Trust shares in the same manner and using the same procedures. Each will purchase and redeem such shares at net asset value in conformity with Rule 22c-1 under the Act.

34. Applicants do not see any greater potential for material irreconcilable conflicts arising between the interests of plan investors and other Trust investors from possible future changes in the federal tax laws than that which already exists with regard to such conflicts arising between VLI owners and VA owners.

35. Applicants assert that the holding of Trust shares by separate accounts of unaffiliated insurance companies would not entail greater potential for material irreconcilable conflicts arising between or among the interests of VLI owners and VA owners than would mixed funding. Likewise, the holding of Trust shares by separate accounts of unaffiliated insurance companies would not entail greater potential for material irreconcilable conflicts arising between or among the interests of VLI owners, VA owners and plan investors than would extended mixed funding where only separate accounts of affiliated participating insurance companies held such shares.

36. A particular state insurance regulator could require action of an insurer domiciled or licensed in its jurisdiction that conflicts with or is inconsistent with the regulatory requirements of or actions required by the regulator of another state where that insurer is domiciled or licensed. The fact that different insurance companies are domiciled in different states does not enlarge or create significantly different issues in connection with conflicting state regulatory requirements. Affiliation among or between such insurance companies does not diminish the potential for such issues to arise nor, in light of the source of such issues, does it dramatically increase the likelihood of their being resolved.

37. Concern also has existed that material irreconcilable conflicts between or among the interests of VLI owners and/or VA owners of unaffiliated insurance companies were more likely to arise in the event that such companies exercised their limited right to disregard VLI owner voting instructions than would be the case between or among affiliated companies. Applicants assert, however, that the

right of an insurance company to disregard VLI owner voting instructions does not raise any issues different from those raised by the authority of different state insurance regulators over separate accounts. Similarly, affiliation between or among insurance companies does not diminish or eliminate the potential for divergent judgments by such companies as to the advisability or legality of a change in investment policies, principal underwriter or investment adviser of a mutual fund in which their separate account invests. Applicants believe that the potential for disagreement between or among insurance companies is limited by requirements in Rule 6e-2 and Rule 6e-3(T) that a company's disregard of voting instructions be reasonable and based on specific good faith determinations. Moreover, in the event that a decision by a participating life insurance company to disregard VLI owners' voting instructions represents a minority position or would preclude a majority vote at a Trust shareholders meeting, the company could be required by the Trust's board of trustees to withdraw from the Trust.

38. Various factors have discouraged a number of life insurance companies from offering variable contracts. These factors include the cost of organizing and operating a funding medium (such as the Trust), the lack of expertise with respect to investment management (principally with respect to equity investments and derivative instruments) and the lack of name recognition by the public of many such insurers as investment professionals with whom an investor can feel comfortable entrusting their investment dollars. For example, a number of smaller life insurance companies do not find it economically feasible, or within their investment or administrative expertise, to enter the variable contract business on their own. Use of the Portfolios as a mixed funding and shared funding vehicle for variable contracts would reduce or eliminate such concerns for small life insurance companies.

39. Permitting the Trust to serve as a mixed funding and shared funding vehicle also should provide several benefits to variable contract owners by eliminating a significant portion of the costs or establishing and administering separate mutual funds. Participating insurance companies would benefit not only from the investment and administrative expertise of Roszel Advisors, but also from the cost efficiencies and investment flexibility afforded by a large pool of assets. Permitting the Trust to serve as a mixed and shared funding vehicle also should make a greater amount of assets

available for investment by each Portfolio than would otherwise be the case and, thereby, promote economies of scale, increase the safety of a Portfolio by increasing diversification of investments, and/or make the addition of new Portfolios more feasible. Therefore, making the Trust available to serve as a vehicle for mixed funding and shared funding could encourage more life insurance companies to offer variable contracts and thereby increase competition in the variable contracts market. Such competition, in turn, can be expected to result in more contract variation and in lower fees and charges. Applicants also assert that permitting the Trust to serve as a vehicle for extended mixed funding will result in increased assets for the Portfolios. This also will benefit owners of variable contracts by promoting economies of scale, increasing the safety of Portfolios by increasing diversification of investments, and/or make the addition of new Portfolios more feasible.

40. Applicants submit that regardless of the types of investors in the Trust, they each will be contractually and otherwise obligated to manage each Portfolio solely and exclusively in accordance with its investment objective(s), policies and restrictions as well as any additional guidelines established by trustees of the Trust. Roszel Advisors manages (and the investment adviser of any future trust would manage) each Portfolio, without regard to the identity of the investors in such accounts. Thus, each Portfolio is managed in the same manner as any other open-end management investment company.

41. Applicants see no legal impediment to permitting the Trust to serve as a vehicle for mixed funding, extended mixed funding and shared funding. The Commission has issued numerous orders permitting mixed funding, extended mixed funding and shared funding. Therefore, granting the exemptions requested herein is in the public interest and will not compromise the regulatory purposes of Sections 9(a), 13(a), 15(a) or 15(b) of the Act or of Rules 6e-2 and 6e-3(T) thereunder.

42. Section 6(c) of the Act authorizes the Commission to exempt any person, security, or transaction or any class of persons, securities, or transactions from any provision or provisions of the Act and/or any rule under it 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 Act. Applicants request an order of the Commission that would exempt VLI