

Summary of Proposal(s)

- (1) *Collection title:* Railroad Service and Compensation Reports.
 (2) *Form(s) submitted:* BA-3a, BAZ-4.
 (3) *OMB Number:* 3220-0008.
 (4) *Expiration date of current OMB clearance:* 12/31/2001.
 (5) *Type of request:* Revision of a currently approved collection.
 (6) *Respondents:* Business or other for-profit.
 (7) *Estimated annual number of respondents:* 579.
 (8) *Total annual responses:* 1,028.
 (9) *Total annual reporting hours:* 37,980.

(10) *Collection description:* Under the Railroad Retirement Act and the Railroad Unemployment Insurance Act, employers are required to report service and compensation for each employee to update Railroad Retirement Board records for payments of benefits.

ADDITIONAL INFORMATION OR COMMENTS:

Copies of the forms and supporting documents can be obtained from Chuck Mierzwa, the agency clearance officer (312-751-3363). Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois, 60611-2092 and to the OMB Desk Officer for the RRB, at the Office of Management and Budget, Room 10230, New Executive Office Building, Washington, DC 20503.

Chuck Mierzwa,

Clearance Officer.

[FR Doc. 01-29056 Filed 11-20-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25263; 812-12116]

MMA Praxis Mutual Funds and MMA Community Development Investments, Inc.; Notice of Application

November 14, 2001.

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

ACTION: Notice of an application for an order under sections 6(c) and 17(b) of the Investment Company Act of 1940 ("Act") for an exemption from section 17(a) of the Act and an order permitting certain transactions under section 17(d) of the Act and rule 17d-1 thereunder.

SUMMARY: Applicants request an order to permit MMA Praxis Mutual Funds ("Trust") and its series to invest in certain securities issued by MMA Community Development Investments, Inc. ("MMA-CDI").

Applicants: The Trust and MMA-CDI.
Filing Dates: The application was filed on May 25, 2000. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 requests should be received by the Commission by 5:30 p.m. on December 10, 2001, 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, NW., Washington, DC 20549-0609; Applicants, 3435 Stelzer Road, Columbus, Ohio 43219.

FOR FURTHER INFORMATION CONTACT: Jean E. Minarick, Senior Counsel, at (202) 942-0527 or Mary Kay French, 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 at the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. The Trust is registered under the Act as an open-end management investment company, and currently consists of three separate investment portfolios. The Trust's investment adviser is Menno Insurance Service d/b/a MMA Capital Management ("MMA Capital"), an investment adviser registered under the Investment Advisers Act of 1940. Applicants request that any relief granted pursuant to the application also apply to future series of the Trust (collectively, the "Praxis Funds") and any other registered investment companies and their series that are advised by MMA Capital or any entity controlling, controlled by or under common control with MMA Capital.¹

¹ All existing investment companies that currently intend to rely on the requested order have been named as applicants, and any other existing or future investment companies that subsequently

2. The board of trustees of the Trust ("Praxis Board") has authorized each of the Praxis Funds to invest a limited portion of its assets in securities that offer a rate of return below the then prevailing market rate but which present attractive opportunities for furthering social and economic well-being of disadvantaged individuals and their communities. Applicants represent that since May 3, 1999, the prospectus of each of the Praxis Funds has disclosed the intention of the Praxis Funds to make community development investments. Applicants propose that the Praxis Funds invest a limited portion of their assets in securities issued by MMA-CDI, which will seek to channel those resources to national and international community development organizations. MMA-CDI is a not-for-profit corporation that is exempt from registration as an investment company under section 3(c)(10)(A) of the Act. MMA-CDI is designed to operate as a not-for-profit organization as part of the financial services arm of the Mennonite Church ("MMA"). MMA has sought to implement a program of community development investing that is consistent with both prudent financial management and its commitment to stewardship investing.

3. The board of MMA-CDI ("MAA-CDI Board") consist of six members, a majority of whom are selected by the Mennonite Foundation, one of several organizations that are conducted under the direction of the board of directors of MMA ("MMA-affiliated organizations"). MMA-CDI's initial support has been provided by MAA-affiliated organizations and additional support will be sought from other institutional sources both within and outside of the Mennonite community. MMA-CDI will seek to fund its community development investment program through the sale of variable rate notes ("CDI Notes") issued by two investment pools that it has established ("Existing Pools") and similar pools that MMA-CDI may establish in the future ("Future Pools") (collectively, "MMA Pools").² Applicants represent that the CDI Notes are exempt from registration under section 3(a)(4) of the Securities Act of 1933.

4. Under the proposed arrangement, each Praxis Fund will receive CDI Notes evidencing its investment in a MMA

rely on the order will do so only in accordance with the terms and conditions set forth in the application.

² Except for maturities and returns, any Future Pool would have the same characteristics as the Existing Pools and notes issued by such Future Pools would have the same characteristics as CDI Notes.

Pool. The "below market MMA Pool" will issue notes with anticipated maturities of between one and five years and anticipated average returns of 60% of the rate then available on U.S. Treasury instruments of similar maturities ("Benchmark Rate"). The "near market MMA Pool" will issue notes with maturities ranging between three to five years and expected average returns of 90% of the Benchmark Rate. Interest rates payable on the CDI Notes will be adjusted semi-annually to reflect change in the return of U.S. Treasury instruments with similar maturities. CDI Notes will be issued separately by the below market MMA Pool and the near market MMA Pool and investors will be able to purchase CDI Notes in either the below market or near market MMA Pools in any principal amount. Each prospective investor in MMA-CDI, including the Praxis Funds, will be provided with offering documents describing the MMA-CDI program and the risks associated with investing in CDI Notes. Such documents also will disclose the fact that one or more MMA-affiliated organizations may purchase CDI Notes, but will do so on terms that are no more advantageous than those available to other investors.

5. The proceeds from the sale of the CDI Notes will be commingled to invest in community development organizations. The investments in the community development organizations will be evidenced by promissory notes issued by the community development organizations at below market rates. It is anticipated that the promissory notes will be for terms of one to five years, will be unsecured, general recourse obligations of the borrowing organization, and will call for loan payments to be made semi-annually. MMA-CDI's loan portfolio will be structured so that the aggregate payments on all such loans will be sufficient to meet MMA-CDI's obligations to holders of CDI Notes ("CDI Noteholders") and operating expenses.

6. Applicants represent that CDI Noteholders will not be assessed any fee or sales charge in connection with their investment in MMA-CDI, nor will the value of CDI Notes, once issued, or interest paid on those notes to the CDI Noteholders, be affected by any of the ordinary operating expenses associated with the MMA-CDI program. It is anticipated that MMA-CDI will realize a basis point spread on each community development investment to cover administrative and overhead costs. Applicants represent that all CDI Noteholders, including the Praxis Funds, will be afforded the same

opportunity to acquire or dispose of the CDI Notes on terms that are no less advantageous than those upon which any MMA-affiliated organization is permitted to purchase or liquidate their CDI Notes.

7. The Praxis Board has authorized each of the Praxis Funds to commit up to three percent of its total assets to community development investing. All or any portion of such investments may consist of CDI Notes, provided that not more than one percent of such assets may be committed to investments the return on which is expected to be less than 90% of the rate available on U.S. Treasury instruments of similar maturities. Each Praxis Fund will invest its assets in the CDI Notes only in accordance with its investment objectives, policies and restrictions. The Praxis Board will monitor this proposed arrangement to ensure that it is consistent with the Praxis Funds' investment objectives, policies and restrictions. The Praxis Board will review the adequacy of each Praxis Fund's disclosure relating to community development investing and the acquisition of CDI Notes, including the possible risks of loss to the fund and its shareholders. The disclosure will identify MMA-CDI and its affiliation with the Praxis Funds' investment adviser, and summarize the manner in which the MMA-CDI program is managed.

8. Neither MMA Capital or any other MMA-affiliated organization will receive any compensation for services provided to MMA-CDI or for the Praxis Funds' investment in CDI Notes, provided that the market value of CDI Notes in which the Praxis Funds may, from time to time, invest will be included in the calculation of any investment advisory fee payable by any Praxis Fund to any MMA-affiliated organization pursuant to the terms of an investment advisory contract that satisfies the requirements of section 15(a) of the Act and subject to section 36 of the Act, where such fee is calculated based on a percentage of the average daily net assets of any such Praxis Fund.

Applicants' Legal Analysis

1. Section 17(a) of the Act makes it unlawful for any affiliated person of a registered investment company, acting as principal, to sell or purchase any security to or from the company. Section 2(a)(3)(C) of the Act defines an affiliated person of an investment company as any person directly or indirectly controlling, controlled by, or under common control with such investment company. Section 2(a)(3)(E)

provides that the investment adviser of an investment company is an affiliated person of the company. Because the board of directors of MMA could be deemed to have the power to exercise controlling influence over the management or policies of both MMA Capital and MMA-CDI, these entities could be deemed to be under "common control" within the meaning of section 2(a)(3) of the Act. Accordingly, MMA-CDI could be deemed an affiliated person of MMA Capital and thus an affiliated person of an affiliated person of the Praxis Funds. Section 2(a)(36) defines a security to include, among other things, any note, stock, treasury stock, or evidence of indebtedness. As a result, investment by the Praxis Funds in the CDI Notes may be prohibited by section 17(a).

2. Section 17(b) of the Act authorizes the Commission to exempt a transaction from section 17(a) if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policy of each registered investment company concerned and the general purposes of the Act. Section 6(c) authorizes the Commission to exempt transactions from the provisions of the Act to the extent that such exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act.

3. Applicants believe that the Praxis Funds' proposed investment in the MMA Pools meets the standards of sections 17(b) and 6(c). Applicants state that the Praxis Funds' investment in the MMA Pools will be consistent with each Fund's investment objectives, policies and restrictions. Applicants assert that the Praxis Board weighed the possible risks associated with investing through MMA-CDI against the benefits of obtaining certain cost efficiencies and sharing the risk of community development investing with other CDI Noteholders. The Praxis Board determined that it was appropriate for the Praxis Funds to purchase the CDI Notes to carry out their commitment to community development investing.

4. Section 17(d) of the Act and rule 17d-1 prohibit an affiliated person of a registered investment company, acting as principal, from participating in any joint arrangement with the investment company unless the Commission has issued an order authorizing the arrangement. Applicants state that each Praxis Fund may be deemed to be

participating in a joint transaction with each other Praxis Fund through the pooling of assets in the MMA Pools, and that the Praxis Funds could be deemed to be participating in a joint transaction with MMA-CDI through their investment in CDI Notes.

5. In determining whether to grant an exemption under rule 17d-1, the Commission considers whether the investment company's participation in the joint enterprise is consistent with the provisions, policies, and purposes of the Act, and the extent to which such participation is on a basis different from or less advantageous than that of other participants. Applicants assert that the Praxis Funds' purchases of CDI Notes will be on a basis that is no less advantageous than that of other participants.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-29022 Filed 11-20-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25262; File No. 812-12216]

Security Benefit Life Insurance Company, et al.

November 14, 2001.

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

ACTION: Notice of application for an order pursuant to section 6(c) of the Investment Company Act of 1940 (the "1940 Act" or "Act") granting exemptions from the provisions of sections 2(a)(32), 22(c) and 27(i)(2)(A) of the Act and Rule 22c-1 thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to permit, under specified circumstances, the recapture of certain credit enhancement applied to the Contract value under (a) two flexible premium deferred variable annuity contracts (the "Contracts") issued by Security Benefit Life Insurance Company ("Security Benefit") through SBL Variable Annuity Account XIV ("Variable Account XIV"), and (b) future variable contracts offered by Security Benefit and First Security Benefit Life Insurance and Annuity Company of New York ("First Security Benefit") through a Separate Account (defined below) or Future Accounts (defined below) which contracts are substantially similar in all material respects to the Contracts ("Future Contracts").

Applicants: Security Benefit and First Security Benefit (the "SBL Insurers"); Variable Account XIV; any other separate account of the SBL Insurers supporting variable annuity contracts (together with Variable Account XIV "Separate Accounts"); any other separate accounts that will be established in the future by the SBL Insurers to support variable contracts ("Future Accounts"), and Security Distributors, Inc. ("SDI").

Filing Dates: The application was filed on August 9, 2000 and amended and restated on October 25, 2001.

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 SEC's Secretary and serving 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 December 10, 2001, 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 the date of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549-0609. Applicants, c/o Amy J. Lee, Esq., Associated General Counsel, Security Benefit Life Insurance Company, 700 Harrison Street, Topeka, Kansas 66636-0001.

FOR FURTHER INFORMATION CONTACT: Joyce M. Pickholz, Senior Counsel, or Keith E. Carpenter, Branch Chief, Division of Investment Management, Office of Insurance Products, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch at 450 Fifth Street, NW., Washington, DC 20549-0102 [tel. (202) 942-8090].

Applicants' Representations

1. Security Benefit is a Life insurance company organized under the laws of the State of Kansas. Security Benefit offers life insurance policies and annuity contracts, as well as financial and retirement services. It is authorized to conduct life insurance and annuity business in the District of Columbia and all states except New York. Together with its subsidiaries, Security Benefit has total funds under management of approximately \$10.3 billion.

2. First Security Benefit is a stock life insurance company organized under the laws of the State of New York. First Security Benefit offers variable contracts in New York and is admitted to do business in that state. It is an indirect wholly owned subsidiary of Security Benefit.

3. Security Benefit established Variable Account XIV on June 26, 2000 pursuant to Kansas law. Variable Account XIV is registered with the Commission as a unit investment trust and is currently divided into 60 subaccounts ("Subaccounts"). Each Subaccount invests exclusively in shares of a corresponding open-end management investment company ("Series"). Certain of the Series are managed by Security Management Company, LLC, a wholly owned subsidiary of Security Benefit. Variable Account XIV funds the variable benefits available under the Contracts. Security Benefit has filed registration statements on Form N-4 under the 1940 Act and the Securities Act of 1933, as amended (the "1933 Act") to register interests in Variable Account XIV under the Contracts. The Contracts are the Initial Contract (File No. 333-41180) and a New Contract (File No. 333-52114) (each a "Contract" and together, the "Contracts").

4. SDI, a wholly owned subsidiary of Security Benefit, serves as the principal underwriter for the variable contracts issued by Security Benefit, including the Contracts. SDI is registered as a broker/dealer with the Commission under the Securities Exchange Act of 1934, as amended, and is a wholly owned subsidiary of Security Benefit Group, Inc., a financial services holding company wholly owned by Security Benefit.

5. Security Benefit does not deduct a sales load from purchase payments. If a Contract holder withdraws Contract value, Security Benefit may deduct a contingent deferred sales charge ("withdrawal charge"). The withdrawal charge depends on how long a purchase payment has been held under a Contract. The withdrawal charge on a payment withdrawal during the first and second year is subject to a 7% withdrawal charge. The charge is 6% for payments withdrawn in the third year, 5% in year four, 4% in year five, 3% in year six and 2% in year seven. There is not withdrawal charge for payments that have been held under a Contract for seven complete years.

6. The withdrawal charge will be waived on withdrawals to the extent that total withdrawals in any 12-month period, measured from the Contract date, do not exceed the free withdrawal