

Dated: October 14, 1997.

Alan M. Ladwig,

*Advisory Committee Management Officer,
National Aeronautics and Space
Administration.*

[FR Doc. 97-27723 Filed 10-17-97; 8:45 am]

BILLING CODE 7510-01-M

NATIONAL CREDIT UNION ADMINISTRATION

Sunshine Act Meetings

TIME AND DATE: 10:00 a.m., Wednesday,
October 22, 1997.

PLACE: Board Room, 7th Floor, Room
7047, 1775 Duke Street, Alexandria, VA
22314-3428.

STATUS: Open.

MATTERS TO BE CONSIDERED:

1. Request from a Federal Credit Union to Convert to a Community Charter.
 2. Requests from Two (2) Federal Credit Unions to Convert to Low-Income Community Charters.
 3. Request from a Credit Union to Convert to Private Insurance.
 4. Appeal from a Federal Credit Union of the Regional Director's Denial of a Field of Membership Expansion Request.
 5. Delegations of Authority.
 6. Request from a Federal Credit Union to Merge and Convert Insurance.
 7. Request from a Federal Credit Union to Convert and Merge into a Federal Mutual Savings Association.
 8. Request from a Corporate Federal Credit Union for a Field of Membership Amendment.
 9. Notice of Proposed Rulemaking: Amendments to Part 792, Subpart A, NCUA's Rules and Regulations, Procedures for Processing Freedom of Information Act Requests for NCUA Records.
 10. Final Rule: Amendments to Part 792, Subpart C, and Section 792.4, NCUA's Rules and Regulations, Production of Nonpublic Records and Testimony of NCUA Employees in Legal Proceedings.
 11. Proposed Amendments to Interpretative Ruling and Policy Statement (IRPS) 94-1, Chartering Manual.
 12. Overhead Transfer Rate.
 13. National Credit Union Share Insurance Fund (NCUSIF) Dividend for 1997 and NCUSIF Insurance Premium for 1998.
- RECESS:** 12:00 Noon.
- TIME AND DATE:** 1:00 p.m., Wednesday,
October 22, 1997.

PLACE: Board Room, 7th Floor, Room
7047, 1775 Duke Street, Alexandria, VA
22314-3428.

STATUS: Closed.

MATTERS TO BE CONSIDERED:

1. Two (2) Administrative Actions under Sections 125, 205 and 206 of the Federal Credit Union Act. Closed pursuant to exemption (8).
2. Three (3) Administrative Actions under Section 206 of the Federal Credit Union Act. Closed pursuant to exemptions (5), (7), (8) and (10).
3. One (1) Personnel Action. Closed pursuant to exemptions (2) and (6).

FOR FURTHER INFORMATION CONTACT:

Becky Baker, Secretary of the Board,
Telephone (703) 518-6304.

Becky Baker,

Secretary of the Board.

[FR Doc. 97-27781 Filed 10-16-97; 1:10 pm]

BILLING CODE 7535-01-M

NATIONAL EDUCATION GOALS PANEL

Notice of a Meeting

AGENCY: National Education Goals Panel.

ACTION: Notice of meeting.

SUMMARY: This notice sets forth the date and location of a forthcoming meeting of the National Education Goals Panel. This notice also describes the functions of the Panel.

DATES AND TIMES: Wednesday, November 5, 1997 from 9:00 a.m. to 11:00 a.m.

ADDRESSES: Hyatt Regency Washington on Capitol Hill, 400 New Jersey Avenue, NW, Columbia Ballroom B, Washington, DC 20001.

FOR FURTHER INFORMATION:

Ken Nelson, Executive Director, 1255 22nd Street, NW, Suite 502, Washington, DC 20037. Telephone: (202) 724-0015.

SUMMARY: National Education Goals Panel was established to monitor, measure and report state and national progress toward achieving the eight National Education Goals, and report to the states and the Nation on that progress.

AGENDA ITEMS: The meeting of the Panel is open to the public. The first item on the agenda is the release of the 1997 National Education Goals Report. The theme of this year's report is "Mathematics and Science Achievement for the 21st Century." The report highlights student achievement in math and science, with a special emphasis on the Third International Math and

Science Study (TIMSS). It provides national data on 26 indicators and state data on 33 indicators for the eight National Education Goals. The second item on the agenda will have the Panel receive and discuss the policy recommendations of its Goals 3/4/5 Standards Implementation Advisory Group.

Dated: October 15, 1997.

Ken Nelson,

Executive Director, National Education Goals Panel.

[FR Doc. 97-27717 Filed 10-17-97; 8:45 am]

BILLING CODE 4010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22855; File No. 812-10622]

Acacia National Life Insurance Company, Inc., et al.

October 10, 1997.

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

ACTION: Notice of Application for an Order under Section 26(b) of the Investment Company Act of 1940 (the "Act") approving proposed substitutions of securities.

SUMMARY OF APPLICATION: Applicants seek an order to permit the substitution of shares of the Neuberger & Berman Advisors Management Trust Limited Maturity Bond Portfolio ("N&B Bond Portfolio") for shares of the Strong Advantage Fund II ("Strong Advantage") and the substitution of shares of Acacia Capital Corporation Calvert Responsibly Invested Balanced Portfolio ("Calvert Balanced Portfolio") for shares of the Strong Asset Allocation Fund II ("Strong Asset Allocation" and, collectively with Strong Advantage, the "Strong Funds").

APPLICANTS: Acacia National Life Insurance Company ("Acacia National"), Acacia National Life Insurance Company Variable Life Separate Account I ("Separate Account I"), Acacia National Life Insurance Company Variable Annuity Separate Account II ("Separate Account II", together with Separate Account I, the "Separate Accounts").

FILING DATES: The application was filed on April 17, 1997, and amended on September 25, 1997.

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 on the application by writing to the Secretary of the SEC and serving

the Applicants with a copy of the request, in person or by mail. Hearing requests must be received by the Commission by 5:30 pm., on November 4, 1997, and 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 who wish to be notified of a hearing may request notification by writing to the Secretary of the SEC.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o Ellen Jane Abromson, Esq., Acacia National Life Insurance Company, 7315 Wisconsin Avenue, Bethesda, Maryland 20814.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel, or Kevin M. Kirchoff, Branch 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 is available for a fee from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington D.C. (tel. (202) 942-8090).

Applicants' Representations

1. Acacia National is a stock life insurance company organized under the laws of Virginia. Acacia National is a wholly owned subsidiary of Acacia Mutual Life Insurance Company, a mutual life insurance company chartered by special act of Congress and subject to the laws of the District of Columbia. The Separate Accounts were established by Acacia National under the insurance laws of Virginia to fund, in the case of Separate Account I, variable life insurance policies and, in the case of Separate Account II, variable annuity policies (together, the "Policies"). The Separate Accounts are registered with the Commission under the 1940 Act as unit investment trusts.

2. Each Separate Account currently consisted of twenty-one sub-accounts. Each sub-account invests its assets in the shares of one of twenty-one designated investment portfolios of seven open-end management investment companies. Strong Advantage, Strong Asset Allocation, N&B Bond Portfolio, and Calvert Balanced Portfolio are four of the twenty-one existing portfolios.

3. Strong Advantage is a series of Strong Variable Insurance Funds, Inc. ("Strong Variable Funds") for which

Strong Capital Management, Inc. ("SCM") is the investment adviser. Strong Advantage seeks to provide current income with a low degree of share-price fluctuation by investing in ultra short term, investment grade debt obligations; its average effective portfolio maturity is normally less than one year. Strong Advantage is designed for investors who seek higher yields than money market funds and who are willing to accept some modest principal fluctuation in order to achieve that objective. Under normal market conditions, at least 75% of its net assets are invested in investment grade debt obligations. Strong Advantage may also invest up to 25% of its net assets in non-investment grade debt obligations that are rated in the fifth-highest rating category or in unrated securities of comparable quality.

4. Strong Asset Allocation is also a series of Strong Variable Funds for which SCM is the advisor. Strong Asset Allocation seeks high total return consistent with reasonable risk over the long term by allocating its assets among a diversified portfolio of equity securities, bonds and short-term fixed-income securities with benchmark allocations of 60% stock, 35% bonds and 5% cash.

5. N&B Bond Portfolio is a portfolio of the Neuberger & Berman Advisors Management Trust. As a feeder fund in a "master-feeder" arrangement, the fund invests its assets in a corresponding series, AMT Limited Maturity Bond Investments ("AMT Series"), of Advisors Management Trust, an open-end management investment company registered under the 1940 Act. The investment objective of the N&B Bond Portfolio and the AMT Series is to provide the highest current income consistent with low risk to principal and liquidity and, secondarily, total return. The AMT Series invests in short-to-intermediate term fixed and variable debt securities and seeks to increase income and preserve or enhance total return by actively managing average portfolio duration. The AMT Series invests primarily in investment grade securities but may invest up to 10% of its net assets, measured at the time of investment, in debt securities rated below investment grade or in unrated securities determined by its adviser to be of comparable quality.

6. The Calvert Balanced Portfolio, a series of Acacia Capital Corporation, is advised by Calvert Asset Management Company, Inc. It seeks to achieve a total return above the rate of inflation through an actively managed portfolio of common and preferred stocks, bonds, and money market instruments. For its

fixed-income investments, the Calvert Balanced Portfolio normally invests in investment grade bonds but may invest up to 20% of its assets in obligations rated lower than B. No more than 10% of assets may be invested in privately placed instruments. Each investment of the Calvert Balanced Portfolio is selected with a concern for its social impact.

7. On November 1, 1996, SCM notified Acacia National that Strong Variable Funds intended to cease offering shares of the Strong Funds for inclusion in variable policies due to the small amount of assets in the two portfolios and the corresponding absence of economies of scale. New allocations to the Strong Funds are no longer permitted.

8. Acacia National proposes to provide policyowners with the option to transfer into any of the other portfolios offered under the Policies. However, because some policyowners will not voluntarily transfer from the affected sub-accounts, Acacia National proposes to substitute shares of the N&B Bond Portfolio for shares of Strong Advantage and Calvert Balanced Portfolio shares for shares of Strong Asset Allocation in the sub-accounts.

9. The Policies give Acacia National the right to eliminate or add sub-accounts, combine two or more sub-accounts, or substitute one or more new underlying mutual funds or portfolios for others in which one or more sub-accounts are invested. These contractual provisions are disclosed in the prospectuses or statements of additional information relating to the Policies.

10. Acacia National will schedule the substitutions to occur as soon as practicable following the issuance of an exemptive order. As of the effective date of the substitutions, Acacia National will redeem shares of the Strong Funds. Simultaneously, Acacia National will use the proceeds of the redemptions to purchase the appropriate number of shares of N&B Bond Portfolio and Calvert Balanced Portfolio. The substitution will take place at the relative net asset values of the portfolios with no change in the amount of any policyowner's account values.

11. Acacia National will pay all expenses and transaction costs of the substitutions. SCM may reimburse Acacia National for some or all of those costs but none will be borne by policyowners. Affected policyowners will not incur any fees or charges as a result of the substitutions, nor will the rights or obligations of Acacia National under the Policies be altered in any way.

12. The substitutions were first described to policyowners in a prospectus supplement dated November 25, 1996, and again in correspondence to policyowners dated May 1, 1997, or May 16, 1997, depending on the state in which the Policy was issued. The prospectus supplement advised policyowners that the Strong Funds would cease offering shares under the Policies effective May 1, 1997, and, consequently, deposits would no longer be accepted into the Strong Funds after that time. Policyowners were also notified that if the substitutions were approved by the SEC, the substitutions would be effected at the net asset value of the relevant portfolios, that policyowners would be given the opportunity to transfer into any other available portfolio, and that no costs for any substitution would be borne by policyowners.

13. Within five days after the substitutions, Acacia National will send to policyowners written notice stating that the substitutions have occurred. Acacia National will include in the mailing a supplement to the prospectus which discloses the completion of the substitutions. Affected policyowners will be advised that for a period of 30 days from the mailing of the notice, they may transfer all assets, as substituted, to any other available sub-account without limitation and without charge, and no such transfer will be counted as a transfer under any contractual provision that may limit the number of transfer in any year. No transfer charge is currently in effect and none will be imposed prior to the expiration of the 30 day period. Following the substitutions, policyowners will be afforded the same rights, including surrender and other transfer rights with regard to amounts invested under the Policies as they currently have. Thus policyowners may choose simply to withdraw amounts credited to them following the substitutions under the conditions that currently exists, subject to any applicable surrender charge.

14. The investment advisory fee for Strong Advantage is, on an annual basis, .60% of the average daily net asset value of the portfolio. As a result of an expense limitation agreement, the expense ratio for Strong Advantage for the year ending December 31, 1996, was 2.00%. In the absence of this agreement, the expense ratio would have been 2.85%.

15. The investment advisory fee for Strong Asset Allocation is, on an annual basis, .85% of the average daily net asset value of the portfolio up to a value of \$35 million in assets and .80% of the portfolio's assets in excess of \$35

million. As a result of an expense limitation agreement, the expense ratio for Strong Asset Allocation for the year ending December 31, 1996, was 2.00%. In the absence of this agreement, the expense ratio would have been 4.29%.

16. The investment advisory fee for the N&B Bond Portfolio equals a percentage of the average daily net asset value of the portfolio, on an annual basis, as follows: .65% for the first \$500 million; .615% for the next \$500 million; .60% for the next \$500 million; .575% for the next \$500 million; and .55% thereafter. The expense ratio for the N&B Bond Portfolio for the year ending December 31, 1996, was .80%.

17. The investment advisory fee for the Calvert Balanced Portfolio is, on an annual basis, .70% of the average daily net asset value of the portfolio. Its expense ratio for the year ending December 31, 1996, was .81%.

Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides in pertinent part that "[i]t shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution." Section 26(b) provides that the Commission will approve a substitution if it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. The purpose of Section 26(b) is to protect the expectation of investors in a unit investment trust that the unit investment trust will accumulate the shares of a particular issuer, and to prevent unscrutinized substitutions which might, in effect, force shareholders dissatisfied with the substituted security to redeem their shares, thereby incurring either a loss of the sales load deducted from initial proceeds, an additional sales load upon reinvestment of the redemption proceeds, or both. Section 26(b) affords protection to investors by preventing a depositor or trustee of a unit investment trust holding shares of one issuer from substituting for those shares the shares of another issuer, unless the Commission approves that substitution.

2. Applicants submit that the purposes, terms and conditions of the substitutions are consistent with the principals and purposes of Section 26(b) and do not entail any of the abuses that Section 26(b) is designed to prevent. Applicants believe that the N&B Bond and Calvert Balanced portfolios will better serve policyowner interests because the expenses of each portfolio have been significantly lower than, and

the performance of each has been essentially equivalent to or better than, the expenses and performance of the funds to be eliminated. Also, Applicants submit that Policyowners may transfer their assets to any of seventeen additional portfolios currently available under the Policies.

3. Applicants believe that Calvert Balanced is an appropriate replacement for Strong Asset Allocation notwithstanding the fact that Calvert Balanced seeks to invest in organizations that: (a) Deliver safe products and services; (b) are managed with participation throughout the organization in defining and achieving objectives; (c) negotiate fairly with their workers and provide a supportive working environment; and (d) foster awareness of a commitment to human goals within the organization and the word. Applicants submit that each portfolio invests a percentage of its assets in stocks, bonds and money market instruments. Also, Calvert Balanced can be expected to outperform Strong Asset Allocation, were the latter to remain in existence, because Calvert Balanced has much lower expenses than Strong Asset Allocation, and, as Strong Asset Allocation's assets continue to decrease and its expenses remain the same, its performance will necessarily decline. Further, Applicants assert that even though Strong Asset Allocation has slightly outperformed Calvert Balanced since each portfolio's inception, Calvert Balanced has gone through many market cycles during its more than ten years of existence whereas Strong Asset Allocation, which commenced operations in late 1995, has a briefer history characterized by a rising market. For the past year, the two Portfolios' total returns were identical (20.67%).

4. Applicants state that Acacia National has reserved the right to substitute securities held by the Sub-Accounts of the Separate Accounts and this right is disclosed in the prospectuses or statements of additional information for the Separate Accounts.

5. Finally, Applicants represent that the substitutions will not result in the type of costly forced redemption that Section 26(b) was intended to guard against and, for the following reasons, are consistent with the protection of investors and the purposes fairly intended by the Act:

a. The N&B Bond Portfolio and Calvert Balanced Portfolio have objectives, policies and restrictions that are substantially similar to the objectives, policies and restrictions of the funds being replaced.

b. The expense ratio of the N&B Bond and Calvert Balanced Portfolios are

significantly lower than those of the Strong funds.

c. The performance of the N&B Bond and Calvert Balanced Portfolios has been essentially equivalent to or better than the performance of the portfolios that will be eliminated.

d. The substitutions will, in all cases, be at the net asset value of the respective portfolios without the imposition of any transfer or similar charge.

e. The costs of the substitutions will be borne by Acacia National and SCM and will not be borne by policyowners. No charges will be assessed to effect the substitutions.

f. Within 5 days after the substitutions, Acacia National will send to policyowners written notice of the substitutions that identifies the shares that were substituted and discloses the shares which replaced them. Included in the mailing will be a supplement to the prospectus that discloses completion of the substitutions.

g. For 30 days following the mailing of the notice of substitutions, policyowners may transfer substituted assets without any charge. No such transfer will be counted as a transfer under any contractual provision which limits the number of transfers in any year.

h. The substitutions will in no way alter the insurance benefits to policyholders or the contractual obligations of Acacia National.

i. The substitutions will in no way alter the tax benefits to policyowners. Counsel for Acacia National has advised that the substitutions will not give rise to any tax consequences to the policyowners.

Applicants' Conclusions

Applicants assert that, for the reasons and upon the facts set forth in the application, the requested order approving the proposed substitution meets the standards set forth in Section 26(b) of the 1940 Act and should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-27697 Filed 10-17-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22853; 812-10574]

Equus II Incorporated; Notice of Application

October 10, 1997.

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

ACTION: Notice of application for an order under section 61(a)(3)(B) of the Investment Company Act of 1940 (the "Act").

SUMMARY OF APPLICATION: Applicant Equus II Incorporated seeks an order approving its 1997 Stock Incentive Plan (the "Plan") for certain of its directors, and the grant of certain stock options under the Plan.

FILING DATES: The application was filed on March 11, 1997. Applicant has agreed to file an amendment, the substance of which is incorporated in this notice, during the notice period.

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 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 November 3, 1997, and should be accompanied by proof of service on 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicant, 2929 Allen Parkway, Suite 2500, Houston, Texas 77019.

FOR FURTHER INFORMATION CONTACT: Lawrence W. Pisto, Senior Counsel, at (202) 942-0527, or Christine Y. Greenlees, 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 SEC's Public Reference Branch, 450 5th Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicant's Representations

1. Applicant is a business development company ("BDC") within

the meaning of section 2(a)(48) of the Act.¹ Applicant requests an order pursuant to section 61(a)(3)(B) of the Act approving the Plan as it applies to each director of the applicant who is neither an officer nor an employee of the applicant ("Non-employee Director") and to each new Non-employee Director who may be elected in the future to applicant's board of directors. The order also would approve the automatic grant of options, pursuant to the Plan, to purchase shares of applicant's common stock to each current and future Non-employee Director.

2. Applicant's board of directors (the "Board") consists of eight members. Five members of the Board are persons who are not "interested persons" (as defined in section 2(a)(19) of the Act) of the applicant. The Plan was approved by the Board on February 7, 1997, and by the applicant's shareholders on April 9, 1997, at a special meeting of shareholders. Officers, employees, and directors of the applicant are eligible to participate in the Plan. Applicant seeks approval of the Plan as it applies to Non-employee Directors. On May 15, 1997, the Board implemented part of the Plan. The portion of the Plan applicable to Non-employee Directors will not be implemented until an order is received from the Commission approving that portion of the Plan.

3. Each Non-employee Director of the applicant receives an annual director's fee of \$20,000, a fee of \$2,000 for each meeting of the Board attended in person, a fee of \$1,000 for participation in each telephonic meeting and for each committee meeting attended, and reimbursement of all out-of-pocket expenses relating to attendance at meetings.

4. Equus Capital Management Corporation ("ECMC") is an investment adviser registered under the Investment Advisers Act of 1940 (the "Advisers Act") and serves as the applicant's management company. ECMC receives no compensation from the applicant under section 205(1) of the Advisers Act. Other than stock options issued to officers of the applicant under the Plan, the applicant does not currently have outstanding any warrants, options or rights to purchase its voting securities.

5. The Plan provides that each Non-employee Director serving on the Board as of the later of the date of approval of

¹ Section 2(a)(48) defines a BDC to be any closed-end investment company that operates for the purpose of making investments in securities described in sections 55(a)(1) through 55(a)(3) of the Act and makes available significant managerial assistance with respect to the issuers of such securities.