

performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, N.W. Washington, DC 20549.

Dated: February 14, 1997.

Margaret H. McFarland,  
*Deputy Secretary.*

[FR Doc. 97-4388 Filed 2-21-97; 8:45 am]

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[Rel. No. IC-22514; File No. 812-10412]

### **Ameritas Variable Life Insurance Company, et al.**

February 14, 1997.

**AGENCY:** The Securities and Exchange Commission (the "Commission").

**ACTION:** Notice of Application for an Order Pursuant to the Investment Company Act of 1940 ("1940 Act").

**APPLICANTS:** Ameritas Variable Life Insurance Company Separate Account V ("Separate Account V"), Ameritas Variable Life Insurance Company Separate Account VA-2 ("Separate Account VA-2," together with Separate Account V, the "Applicant Accounts"), the Ameritas Variable Life Insurance Company ("AVLIC").

**RELEVANT 1940 ACT SECTIONS:** Order requested pursuant to Section 26(b).

#### **SUMMARY OF THE APPLICATION:**

Applicants seek an order approving the proposed substitution of shares of the Index 500 Portfolio of the Variable Insurance Products Fund II ("Index 500 Portfolio") for shares of The Dreyfus Stock Index Fund ("Dreyfus Fund") held by Applicant Accounts.

**FILING DATES:** The application was filed on October 21, 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 should be received by the Commission by 5:30 p.m. on March 11, 1997, 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 requestor'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 Fifth Street, N.W., Washington, DC., 20549.

Applicants, c/o Norman M. Krivosha, Esq., Ameritas Variable Life Insurance Company, 5900 "O" Street, Lincoln, Nebraska 68510.

**FOR FURTHER INFORMATION CONTACT:** Kevin M. Kirchoff, Branch Chief, Office of Insurance Products (Division of Investment Management), at (202) 942-0670.

**SUPPLEMENTARY INFORMATION:** Following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the Commission.

#### **Applicants' Representations**

1. AVLIC, a stock life insurance company organized pursuant to Nebraska law, is a wholly-owned subsidiary of AMAL Corporation. Ameritas Life Insurance Corporation, also a Nebraska corporation, owns a majority interest in AMAL Corporation.

2. The Applicant Accounts were established by AVLIC and registered with the Commission as unit investment trusts pursuant to the 1940 Act. Separate Account VA-2 was established on May 28, 1987, to fund group variable annuity policies ("VA Policies"). Separate Account V was established on August 28, 1985, to fund variable universal life insurance policies ("VUL Policies"). The VA and VUL Policies (collectively, the "Subject Contracts") are issued and administered by AVLIC and are offered exclusively by means of separate prospectuses that describe the applicable terms and conditions of the respective contracts.

3. Each of the Applicant Accounts is divided into separate subaccounts that invest exclusively in shares of one of the investment portfolios of certain open-end investment companies (collectively, "Underlying Funds"). The Underlying Funds in which the subaccounts of the Applicant Accounts may invest are: The Alger American Fund, which currently offers to Applicant Accounts six investment portfolios, and MFS Variable

Insurance Trust, which currently offers three investment portfolios. In addition, Variable Insurance Products Fund I and Variable Insurance Products Fund II currently offer to Applicant Accounts ten investment portfolios, one of which is the Index 500 Portfolio. Applicant Accounts offer subaccounts that invest exclusively in the Index 500 Portfolio ("Index 500 Subaccounts").

4. Applicant Accounts also offered subaccounts that invested exclusively in shares of the Dreyfus Fund ("Dreyfus Subaccounts"). New investments in the Dreyfus Subaccounts have not been accepted since May 1, 1996, and all prospectuses relating to the Subject Contracts have been amended to eliminate reference to them. Subject Contract owners who invested in the Dreyfus Subaccounts ("Affected Contractholders") were permitted to remain in the Dreyfus Subaccounts after May 1, 1996, and to continue to reinvest dividends paid by the Dreyfus Fund in the Dreyfus Subaccounts. All Affected Contractholders continue to have the option of transferring investments without charge from the Dreyfus Subaccounts to the Index 500 Subaccounts or to other subaccounts, but it is not anticipated that all Affected Contractholders will take advantage of this option. As of July 31, 1996, the Dreyfus Subaccount of Separate Account VA-2 had total assets of \$8,561,723, representing the interests of 916 owners, and the Dreyfus Subaccount of Separate Account V had total assets of \$2,067,298, representing the interests of 735 owners.

5. Applicants represent that the investment objectives of the Index 500 Portfolio and the Dreyfus Fund are identical. Both are "index funds" that attempt to allocate assets to correspond to the Standard & Poor's Index ("S&P 500"). Each fund: (a) must invest at least 80% of its assets in securities represented in the S&P 500; (b) seeks to achieve a total return that reflects at least a 95% correlation with the S&P 500; and (c) may use financial futures for hedging purposes only.

6. Fidelity Management & Research Company ("FRM"), which manages the Index 500 Portfolio, is entitled to receive an investment advisory fee at the annual rate of .28% of the Portfolio's net assets. For each of the fiscal years ended December 31, 1995, 1994, and 1993, the expense ratio of the Index 500 Portfolio, taking into account expense reimbursements and fee waivers, was .28% of the Portfolio's average net assets. During each such period FRM voluntarily reimbursed the Index 500 Portfolio to the extent that its ratio of expenses to average net assets exceeded

.28%. Had this reimbursement policy not been in place, the expense ratios for the Index 500 Portfolio for the fiscal years ended December 31, 1995, 1994, and 1993, would have been .47%, .81%, and .95%, respectively.

7. The Dreyfus Corporation ("Dreyfus"), which manages the Dreyfus Fund, receives a fee at the annual rate of .245% of the Fund's average daily net assets. The expense ratios for the Dreyfus Fund for the fiscal years ended December 31, 1995, 1994, and 1993, were .39%, .40%, and .40% of the Fund's average daily net assets. These expense levels take into account Dreyfus's policy to voluntarily reimburse the Fund in any year in which the Fund's expenses exceeded .40% of the Fund's average net assets. Dreyfus has undertaken to maintain this expense reimbursement policy absent 180 days notice to the Fund's shareholders of any change in the policy.

8. The proposed substitution will be effected by redeeming the shares of the Dreyfus Fund held by the Dreyfus Subaccounts, transferring the cash values of Affected Contractholders from the Dreyfus Subaccounts to the Index 500 Subaccounts, and then purchasing shares of the Index 500 Portfolio. The Dreyfus Subaccounts would then be eliminated. All redemptions of shares of the Dreyfus Fund and purchases of shares of the Index 500 Portfolio will be effected in compliance with Rule 22c-1 under the 1940 Act. The substitution will be at net asset value of the respective shares, without the imposition of any transfer, sales, or similar charge. There will be no change in the amount of any Affected Contractholder's investment after the substitution.

#### Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides in pertinent part that "it 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 the contractholders, 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.

2. Applicants request that the Commission issue an order pursuant to Section 26(b) of the 1940 Act to permit the Applicant Accounts to substitute securities of the Index 500 Portfolio for securities of the Dreyfus Fund.

3. Applicants submit that the proposed substitution meets the standard enunciated in Section 26(b), and further that, if implemented, the substitution would not raise any of the concerns that Congress sought to address when the 1940 Act was amended to include the provision. Applicants further submit that the substitution will not result in the type of costly forced redemption that Section 26(b) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act.

4. Applicants submit that the investment objective, policies, and operating expenses of the Index 500 Portfolio and the Dreyfus Fund are substantially the same or comparable. Applicants state that the Index 500 Portfolio is large enough to provide the portfolio diversification necessary to decrease investment risk and to provide the economies of scale that may benefit the Affected Contractholders, as well as other Subject Contractholders.

5. Applicants represent that AVLIC will bear the costs of the proposed substitution, including legal, accounting, and brokerage fees, and Affected Contractholders will not incur any fees or charges as a result of the substitution. Applicants also represent that the substitution will not impose any tax liability on Affected Contractholders or raise the level of fees and charges currently paid by Affected Contractholders. Applicants further represent that the rights of affected Contractholders and AVLIC's obligations under any of the Subject Contracts will also not change.

6. Applicants represent that as soon as reasonably practicable after the requested order is issued, AVLIC will send to the Affected Contractholders a written notice ("Notice") describing the proposed substitution, including the date on which the substitution will take effect. The Notice will advise Affected Contractholders that either before or within thirty days from the date on which the substitution occurs, they may transfer all substituted assets to other subaccounts. Applicants also represent that any transfer of cash values in the

Dreyfus Subaccounts that occurs either prior to, or within the thirty days, after the substitution will not be treated as a transfer that may be restricted because of earlier transfers between subaccounts. Applicants further represent that no transfer charge is currently in effect, and none will be imposed before the end of the thirty-day period.

#### Conclusion

For the reasons summarized above, Applicants assert that the requested order approving the proposed substitution is consistent with the protection of investors and 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.

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[Rel. No. IC-22515; International Series Release No. 1053; File No. 812-10150]

#### Enron Corp., et al.; Notice of Application

February 14, 1997.

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

**ACTION:** Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

**APPLICANTS:** Enron Corp. ("Enron"), Enron Oregon Corp. ("Enron Oregon"), Enron Oil & Gas Company ("EOG"), Enron Global Power & Pipelines L.L.C. ("EPP"), and Enron International Inc. ("EII").

**RELEVANT ACT SECTIONS:** Order requested under section 6(c) of the Act for an exemption from all provisions of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order that would permit applicants and certain of their controlled companies to engage, directly or through subsidiaries, in certain foreign infrastructure projects without being subject to the provisions of the Act.

**FILING DATE:** The application was filed on May 15, 1996, and amended on October 22, 1996 and February 12, 1997. Applicants have agreed to file an amendment, the substance of which is incorporated herein, 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