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Before issuance of the proposed license amendments, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act) and the Commission's regulations.

By June 1, 1998, the licensee may file a request for a hearing with respect to issuance of the amendment to the subject facility operating license and any person whose interest may be affected by this proceeding and who wishes to participate as a party in the proceeding must file a written request for a hearing and a petition for leave to intervene. Requests for a hearing and a petition for leave to intervene shall be filed in accordance with the Commission's "Rules of Practice for Domestic Licensing Proceedings" in 10 CFR Part 2. Interested persons should consult a current copy of 10 CFR 2.714 which is available at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Athens Public Library, 405 E. South Street, Athens, Alabama. If a request for a hearing or petition for leave to intervene is filed by the above date, the Commission or an Atomic Safety and Licensing Board, designated by the Commission or by the Chairman of the Atomic Safety and Licensing Board Panel, will rule on the request and/or petition; and the Secretary or the designated Atomic Safety and Licensing Board will issue a notice of hearing or an appropriate order.

As required by 10 CFR 2.714, a petition for leave to intervene shall set forth with particularity the interest of the petitioner in the proceeding, and how that interest may be affected by the results of the proceeding. The petition should specifically explain the reasons why intervention should be permitted with particular reference to the following factors: (1) The nature of the petitioner's right under the Act to be made party to the proceeding; (2) the nature and extent of the petitioner's property, financial, or other interest in the proceeding; and (3) the possible effect of any order which may be entered in the proceeding on the petitioner's interest. The petition should also identify the specific aspect(s) of the subject matter of the proceeding as to which petitioner wishes to intervene. Any person who has filed a petition for leave to intervene or who has been admitted as a party may amend the petition without requesting leave of the Board up to 15 days prior to the first prehearing conference scheduled in the proceeding, but such an amended

petition must satisfy the specificity requirements described above.

Not later than 15 days prior to the first prehearing conference scheduled in the proceeding, a petitioner shall file a supplement to the petition to intervene which must include a list of the contentions which are sought to be litigated in the matter. Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner shall provide a brief explanation of the bases of the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner intends to rely in proving the contention at the hearing. The petitioner must also provide references to those specific sources and documents of which the petitioner is aware and on which the petitioner intends to rely to establish those facts or expert opinion. Petitioner must provide sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact. Contentions shall be limited to matters within the scope of the amendment under consideration. The contention must be one which, if proven, would entitle the petitioner to relief. A petitioner who fails to file such a supplement which satisfies these requirements with respect to at least one contention will not be permitted to participate as a party.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing, including the opportunity to present evidence and cross-examine witnesses.

A request for a hearing or a petition for leave to intervene must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, or may be delivered to the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, by the above date. A copy of the petition should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and to General Counsel, Tennessee Valley Authority, 400 West Summit Drive, ET 10H, Knoxville, Tennessee 37902, attorney for the licensee.

Nontimely filings of petitions for leave to intervene, amended petitions, supplemental petitions and/or requests for hearing will not be entertained absent a determination by the Commission, the presiding officer or the presiding Atomic Safety and Licensing

Board that the petition and/or request should be granted based upon a balancing of the factors specified in 10 CFR 2.714(a)(1) (i)-(v) and 2.714(d).

If a request for a hearing is received, the Commission's staff may issue the amendment after it completes its technical review and prior to the completion of any required hearing if it publishes a further notice for public comment of its proposed finding of no significant hazards consideration in accordance with 10 CFR 50.91 and 50.92. For further details with respect to this action, see the application for amendments dated September 6, 1996 as supplemented June 6, and December 11, 1996, April 11, May 1, August 14, October 15, November 5 and 14, December 3, 4, 15, 22, 23, 29, and 30, 1997, January 23, March 12 and 13, April 16, 20, and 28, May 7, 14, and 19, 1998, which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street NW., Washington, DC and at the local public document room located at the Athens Public Library, 405 E. South Street, Athens, Alabama.

Dated at Rockville, Maryland, this 26th day of May 1998.

For the Nuclear Regulatory Commission.

L. Raghavan,

Senior Project Manager, Project Directorate II-3, Division of Reactor Projects-I/II, Office of Nuclear Reactor Regulation.

[FR Doc. 98-14388 Filed 5-29-98; 8:45 am]

BILLING CODE 7590-01-P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23204; File No. 812-10964]

Monarch Life Insurance Company, et al.

May 22, 1998.

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 ("1940 Act").

SUMMARY OF APPLICATION: Applicants seek an order approving the substitution of units of certain series of Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities, Series B through G ("ML Fund") for units of certain series of the Oppenheimer Zero Coupon U.S. Treasury Trust, Series A through F ("Oppenheimer Trust") held by Variable Account B to fund certain life insurance policies ("Policies") issued by Monarch Life.

APPLICANTS: Monarch Life Insurance Company ("Monarch Life") and Variable Account B of Monarch Life Insurance Company ("Variable Account B").

FILING DATE: The Application was filed on January 13, 1998.

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 this application by writing to the Secretary of the SEC 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 June 16, 1998, 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 requester'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 SEC.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. Applicants, c/o Raymond A. O'Hara III, Esq., Blazzard, Grodd & Hasenauer, P.C., P.O. Box 5108, Westport, Connecticut, 06881. Copies to John S. Coulton, Esq., Monarch Life Insurance Company, One Monarch Place, Springfield, Massachusetts 01133 and Katherine P. Feld, Esq., Oppenheimer Funds, Inc., Two World Trade Center, New York, New York 10048-0203.

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 Public Reference Branch of the SEC, 450 Fifth Street, NW., Washington, DC (tel. (202) 942-8090).

Applicants' Representations

Background

1. Monarch Life was incorporated in 1901 and is domiciled in Massachusetts. Monarch Life is a wholly-owned subsidiary of Regal Reinsurance Company ("Regal Re"), formerly Monarch Capital Corporation ("Monarch Capital"). On September 23, 1992, pursuant to a reorganization under Chapter 11 of the Federal Bankruptcy Code, Monarch Capital was reorganized and emerged from bankruptcy as a Massachusetts life

insurer, Regal Re. Regal Re is owned by Monarch Capital's pre-bankruptcy secured and unsecured creditors.

2. On June 9, 1994, the Insurance Commissioner of the Commonwealth of Massachusetts ("Commissioner") was appointed receiver ("Receiver") of Monarch Life in a rehabilitation proceeding pending before the Supreme Judicial Court for Suffolk County, Massachusetts ("Court").

3. A term sheet dated July 19, 1994 ("Term Sheet") among the Commissioner (in her capacity as Commissioner and Receiver) and certain Regal Re shareholders and noteholders and holders of Monarch Life's surplus notes (representing approximately 85% of both the total outstanding Regal Re notes and common stock) ("Holders") was approved by the Court on September 1, 1994. Pursuant to the Term Sheet, the Holders transferred their notes and stock into voting trusts for which the Commissioner is the sole trustee, which effectively vests control of Regal Re and Monarch Life in the Commissioner.

4. Insurance departments of various jurisdictions have either suspended the certificate of authority of Monarch Life, ordered Monarch Life to cease writing new business, or have requested a voluntary suspension of sales by Monarch Life. In addition, Monarch Life's certificate of authority has been revoked by the insurance departments of the states of Louisiana on May 13, 1994, Michigan on February 27, 1994, Missouri on November 10, 1994 and Wyoming on June 25, 1992.

5. Monarch Life currently limits its business to maintaining its existing blocks of disability income insurance, variable life insurance, and annuity businesses. Monarch Life ceased issuing new variable life policies and new annuity contracts effective May 1, 1992, and new disability income insurance policies effective June 15, 1993.

6. Variable Account B was established under Massachusetts law on August 9, 1984, for the purpose of funding the Policies which invest in the Oppenheimer Trust. Variable Account B is registered under the 1940 Act as a unit investment trust and security interests under the Policies have been registered under the Securities Act of 1933 ("1933 Act") on Form N-4 (File Nos. 33-18759, 2-94659 and 33-464).

7. Units of the Oppenheimer Trust are currently offered solely to Variable Account B to fund the benefits under the Policies. Series A through F of the Oppenheimer Trust were created under New York Law by a trust indenture among Oppenheimer Funds Distributor, Inc. ("Oppenheimer"), The Chase

Manhattan Bank, N.A. ("Chase" or "Trustee") and Standard & Poor's Corporation ("Evaluator"). On each date of deposit for each of Series A through F, Oppenheimer deposited the underlying obligations with the Trustee at prices equal to the valuation of those obligations on the offering side of the market as determined by the Evaluator, and the Trustee delivered to Oppenheimer units of interest representing the entire ownership of each series of the Oppenheimer Trust. Variable Account B, as the holder of the units, has the right to have its units redeemed in cash or in kind.

8. The investment objective of the Oppenheimer Trust is to provide safety of capital and income by offering units in fixed portfolios consisting primarily of bearer debt obligations issued by the United States that have been stripped of their unmatured interest coupons, interest coupons that have been stripped from bearer debt obligations issued by the United States, and receipts and certificates for such stripped debt obligations and stripped coupons (collectively, "Stripped Treasury Securities"). The Oppenheimer Trust consists of Series A, B, C, D and E (each of which has two separate series outstanding) and Series F (one separate series), each separate series containing Stripped Treasury Securities with a fixed maturity corresponding to the designation of the series. The portfolio of each series consists of one issue of Stripped Treasury Securities, with a fixed maturity date, that has been stripped of its interest coupons or underlying bond and as such was purchased at a deep discount, and an interest-bearing Treasury security generally with the same maturity date as the Stripped Treasury Security, deposited in order to provide income with which to pay the expenses of the Series.

9. Oppenheimer receives no fee from the series for its services as such. On units sold to Variable Account B, Monarch Life initially pays a transaction charge to Oppenheimer out of Monarch Life's general account assets. Monarch Life is reimbursed for its payment of the transaction charge by its assessment of a daily asset charge which is deducted from the assets of investment divisions of Variable Account B investing in the Oppenheimer Trust. The amount of this charge is currently equivalent to .34% annually. This amount may be increased in the future but in no event will it exceed an effective annual rate of .50%.

10. Each series of the ML Fund consists of a number of separate unit investment trust ("trust(s)") created under New York law by one trust

indenture among Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Chase and Standard & Poor's J.J. Kenny ("Kenny"). On each date of deposit for each trust, Merrill Lynch, as the sponsor, deposited underlying securities with Chase, the trustee, at prices equal to the valuation of those securities on the offer side of the market as determined by Kenney, the evaluator, and Chase delivered to Merrill Lynch units of interest representing the entire

ownership of that trust in the series. The holder of the units has the right to have its units redeemed in cash or in kind.

11. The investment objective of each series of the ML Fund is to provide safety of capital and a high yield to maturity through investment in fixed portfolios consisting primarily of Stripped Treasury Securities. Each series contains Stripped Treasury Securities with a fixed maturity corresponding to the designation of the

series. Each series also contains one issue of interest bearing Treasury Securities with a similar maturity to provide income to pay the expenses of the series.

12. Merrill Lynch receives no fee from the series for its services as sponsor. On units that are proposed to be sold to Variable Account B, Monarch Life will pay transaction charges to Merrill Lynch out of Monarch Life's general account assets as follows:

Remaining years to maturity of stripped treasury security	Transaction charge as percentage of offering price	Transaction charge as percentage of net amount invested
Less than 2 years	0.25	0.251
At least 2 years but less than 3 years	0.50	0.503
At least 3 years but less than 5 years	0.75	0.756
At least 5 years but less than 8 years	1.00	1.010
At least 8 years but less than 13 years	1.50	1.523
At least 13 years but less than 81 years	1.75	1.781
18 years or more	2.00	2.041

This transaction charge is identical to the transaction charge which Monarch Life currently pays to Oppenheimer in connection with the Oppenheimer Trust. Monarch Life will be reimbursed for its payment of the transaction charge by its assessment of a daily asset charge which will be deducted from the assets of the investment divisions of Variable Account B investing in the ML Fund. The amount of this charge will be equivalent initially to .34% annually. This amount may be increased in the future but in no event will it exceed an effective annual rate of 0.50%.

The Proposed Substitution

13. Oppenheimer, as sponsor of the Oppenheimer Trust, has informed Monarch Life that it intends to terminate its sponsorship of the Oppenheimer Trust. Since the inception of the Oppenheimer Trust, Oppenheimer has maintained a secondary market in units of the Trust at the offering price which has generally resulted in a loss to Oppenheimer (apart from any gains realized from subsequent market improvements).

14. Applicants, faced with having to find a suitable replacement for the Oppenheimer Trust, determined that the ML Fund is a suitable and appropriate underlying investment vehicle for Policy owners currently invested in the Oppenheimer Trust for the following reasons. The ML Fund, like the Oppenheimer Trust, is comprised of series of unit investment trusts. The series of the ML Fund have the same investment objective as the series of the

Oppenheimer Trust. Both the ML Fund and the Oppenheimer Trust invest primarily in Stripped Treasury Securities. The proposed transaction charge arrangement with respect to the ML Fund is identical to the arrangement that Monarch Life currently has with respect to the Oppenheimer Trust, namely, that Monarch Life pays the transaction charge to the Fund sponsor which it then recoups through an asset charge to Variable Account B. The Variable Account B asset charge with respect to the ML Fund investment will be identical to that with respect to the Oppenheimer Trust. Other fees and expenses of the ML Fund are either identical to or somewhat lower than those of the Oppenheimer Trust. Also, Monarch Life has an existing relationship with the Merrill Lynch organization. Certain separate accounts of Monarch Life currently are invested in the shares of investment companies advised by a subsidiary of Merrill Lynch and an affiliate of that subsidiary provides third party administrative services to Monarch Life in connection with Monarch Life's variable life insurance operations.

15. Applicants propose that Monarch Life substitute units of the series of the ML Fund (each a "substitute series") for units of the series of the Oppenheimer Trust (each a "removed series") as follows: (a) units of Series G-2000 Trust for units of Series A-2000 Series; (b) units of Series B-2005 Trust for units of Series A-2005 Series; (c) units of Series C-2006 Trust for units of Series B-2006 Series; (d) units of Series D-2007 Trust

for units of Series C-2007 Series; (e) units of Series E-1998 Trust for units of Series D-1998 Series; (f) units of Series E-2008 Trust for units of Series D-2008 Series; (g) units of Series F-1999 Trust for units of Series E-1999 Series; (h) units of Series F-2009 Trust for units of Series E-2009 Series; and (i) units of Series G-2010 Trust for units of Series F-2010 Series.

16. Applicants propose that Monarch Life redeem units of each removed series in cash and purchase with the proceeds units of the substitute series identified above. The proposed substitution will not change the number of subaccounts in Variable Account B.

17. Applicants represent that the proposed substitutions will take place at relative net asset value with no change in the amount of any Policy owner's Policy value or in the dollar value of his or her investment in Variable Account B. Policy owners will not incur any fees or charges as a result of the proposed substitutions nor will their rights under the Policies be altered in any way. All expenses incurred in connection with the proposed substitutions, including legal, accounting and other fees and expenses, will be paid by Monarch Life. In addition, the proposed substitutions will not impose any tax liability on Policy owners. The proposed substitutions will not cause the Policy fees and charges currently being paid by existing Policy owners to be greater after the proposed substitutions than before the proposed substitutions.

18. Applicants state that Monarch Life will supplement the prospectus for

Variable Account B to reflect the proposed substitution. And, in addition to the prospectus supplements distributed to owners of Policies, within 5 days after the proposed substitutions, all owners who were affected by a substitution will be sent a written notice informing them that the substitutions were carried out. Monarch Life will include in such mailing the supplement to the prospectus of Variable Account B, which describes the substitutions.

19. Monarch Life and certain of its separate accounts (including Variable Account B) (collectively, "Accounts") have previously received no-action assurances from the staff of the Commission that the staff would not recommend that the Commission take any enforcement action against Monarch Life or the Accounts if post-effective amendments to registration statements are not filed under the 1933 Act and the 1970 Act, and updated prospectuses for the Accounts are not distributed to owners of existing variable contracts issued through the Accounts provided that certain conditions are met (Monarch Life Insurance Company, pub. avail. June 9, 1992, the "June 9th No-Action Letter"). The conditions of the June 9th No-Action Letter include providing various documents to the variable Policy owners including, but not limited to, periodic reports, prospectuses, proxy statements and related voting instructions pertaining to the relevant underlying mutual funds. In accordance with the terms of the June 9th No-Action Letter, Monarch Life does not update the Variable Account B prospectus on an annual basis as would otherwise be required by the 1933 Act and the 1940 Act. Therefore, Policy owners do not have the benefit of receiving an updated Variable Account B prospectus which would provide them with certain information concerning the ML fund. In light of this fact, Applicants undertake to provide the Policy owners of Variable Account B with the same disclosure concerning the ML Fund as such owners would receive if Monarch Life updated and mailed its Variable Account B prospectus to owners. Such information includes the fees and expenses of the ML Fund, and a description of the investment objectives of each of the series of the ML Fund.

20. Applicants state that following the substitutions, Policy owners will be afforded the same policy rights, including surrender and other transfer rights with regard to amounts invested under the Policies, as they currently have. (Monarch Life currently imposes no restrictions or fees on the ability of Policy owners to make transfers nor

does it intend to impose any after the proposed substitutions are effected.)

Applicants' Legal Analysis

21. 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." 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 possibly incurring either a loss of the sales load deducted from initial purchase payments, an additional sales load upon reinvestment of the redemption proceeds, or both. Section 26(b) affords this protection to investors by preventing a depositor or trustee of a unit investment trust holding the shares of one issuer from substituting for those shares the shares of another issuer, unless the Commission approves that substitution.

22. Applicants maintain that the purposes, terms and conditions of the substitution are consistent with the principles and purposes of Section 26(b) and do not entail any of the abuses that Section 26(b) is designed to prevent.

23. Applicants state that the Policies provide to Monarch Life the right, subject to Commission approval, to effect a substitution of the kind Applicants propose. The prospectus for the Policies contains disclosure of this right.

24. Applicants anticipate that, after the proposed substitutions, the substitute series will provide Policy owners with comparable investment results to those achieved now by the Oppenheimer Trust. Applicants submit that the investment objective of each of the substitute series is identical to the investment objective of the removed series that it would replace. Each of the substitute series is substantially larger than the removed series that it would replace. Each of the substitute funds is a suitable and appropriate investment vehicle for Policy owners.

25. Applicants generally submit that the proposed substitutions meet the standards that the Commission and its staff have applied to substitutions that have been approved in the past in that:

a. The substitution will be at net asset value of the respective units, without

the imposition of any transfer or similar charge;

b. Monarch Life will assume the expenses and transaction costs, including among others, legal and accounting fees and any brokerage commissions, relating to the substitution;

c. The substitution will not alter the insurance benefits to Policy owners or the contractual obligations of Monarch Life;

d. The substitution will not alter tax benefits to Policy owners;

e. Policy owners may choose simply to withdraw amounts credited to them following the substitution under the conditions that currently exist without incurring any charges; and

f. The substitution is expected to confer certain economic benefits to Policy owners by virtue of the enhanced asset size of the substitute series.

Conclusion

Applicants submit, for the reasons summarized above, that the proposed substitution is 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. 98-14403 Filed 5-29-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23205; International Series Rel No. 1137; 812-10810]

Old Mutual South Africa Equity Trust, et al.; Notice of Application

May 26, 1998.

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

ACTION: Notice of application under section 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

SUMMARY OF APPLICATION: Order requested to permit Old Mutual South Africa Equity Trust (the "Trust") to purchase certain securities of DataTec Limited ("DataTec") from Old Mutual Global Assets Fund Limited (the "Global Fund"), an affiliated person of the Trust.

APPLICANTS: The Trust, the Global Fund, and Old Mutual Asset Managers (Bermuda) Limited (the "Adviser").

FILING DATES: The application was filed on October 6, 1997. Applicants have