on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Δ *Rule 15c2–8 Delivery of Prospectus*

Rule 15c2–8 requires broker-dealers to deliver preliminary or final prospectuses to specified persons in association with securities offerings. This requirement ensures that information concerning issuers flows to purchasers of the issuers' securities in a timely fashion. There are approximately 8,500 broker-dealers, any of which potentially may participate in an offering subject to Rule 15c2–8. The Commission estimates that Rule 15c2–8 creates approximately 50,000 burden hours with respect to 650 initial public offerings and 1,750 other offerings.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimates 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.

Please 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: September 30, 1999.

Jonathan G. Katz,

Secretary.

[FR Doc. 99–26522 Filed 10–8–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–24071; File No. 812–11544]

Ameritas Variable Life Insurance Corp., et al.

October 4, 1999.

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

ACTION: Notice of application for an order pursuant to Section 26(b) of the Investment Company Act of 1940 (the ''1940 Act'') approving certain substitutions of securities, and pursuant to Section 17(b) of the 1940 Act exempting related transactions from Section 17(a) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered unit investment trusts to substitute investment portfolios created by Calvert Variable Series, a registered open-end management investment company, for portfolios of other registered management investment companies, and to permit certain in-kind redemptions of portfolio securities in connection with the substitutions.

APPLICANTS: Ameritas Variable Life Insurance Corp. (''AVLIC''), Ameritas Variable Life Insurance Corp. Separate Account VA–2 (''Separate Account VA–2''), Ameritas Investment Corp. (''AIC''), and Ameritas Variable Life Insurance Corp. Separate Account V (''Separate Account V'') (collectively, the ''Applicants'').

FILING DATE: The application was filed on March 18, 1999 and amended and restated on September 27, 1999.

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 October 27, 1999, 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 Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549–0609. Applicants: c/o Ameritas Variable Life Insurance Company, P.O. Box 81889, Lincoln, Nebraska 68501–1889, Attention: Donald R. Stading, Esquire.

FOR FURTHER INFORMATION CONTACT: Zandra Y. Bailes, Senior Counsel, or Susan M. Olson, 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. 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. AVLIC is a stock life insurance company organized in the State of Nebraska and currently licensed to sell life insurance in 46 states and in the District of Columbia. AVLIC is a wholly-owned subsidiary of AMAL Corporation (''AMAL''), a corporation organized under Nebraska law in 1996; Ameritas Life Insurance Company (''Ameritas Life''), also a Nebraska corporation, owns a majority interest in AMAL Corporation. Ameritas Life was, in turn a wholly-owned indirect subsidiary of Ameritas Mutual Insurance Holding Company. Ameritas Mutual Insurance Holding Company and Acacia Mutual Holding Company (''Acacia''), subsidiaries of which include companies that provide investment advisory and/or other services to CVS, consummated a merger effective January 1, 1999 (''Ameritas-Acacia Merger''). The combined company is known as AmeritasAcacia Mutual Holding Company.

2. AIC, a Nebraska corporation, is an investment adviser registered under the Investment Advisers Act of 1940, as amended. AIC is a wholly-owned subsidiary of AMAL and an affiliate of Ameritas Life.

3. Separate Account VA–2 and Separate Account V (collectively, the ''Separate Accounts'') are each registered with the Commission under the 1940 Act as a unit investment trust. Separate Account VA–2 serves as the funding vehicle for variable annuity contracts (''VA Contracts'') issued by AVLIC. Separate Account V serves as the funding vehicle for variable universal life contracts (''VUL Contracts'') issued by AVLIC. Each of the variable annuity and variable universal life contracts funded by the Separate Accounts (collectively, ''Variable Contracts'') is registered with the Commission under the Securities Act of 1933 (''1933 Act'') and is offered exclusively by means of a prospectus which describes the applicable terms and conditions of each such contract. The Separate Accounts are each divided into separate subaccounts (each a ''Subaccount'') and each Subaccount invests exclusively in shares of one of the investment options currently available to contract holders (the ''Existing Funds'').

4. The Existing Funds consist of 26 investment portfolios issued by investment companies not affiliated with Applicants, as follows: Variable

Insurance Products Funds and Variable Insurance Products Fund II (collectively, the ''Fidelity Portfolios''), Alger American Fund (''Alger Portfolios''), MFS Variable Insurance Trust (''MFS Portfolios''); and Morgan Stanley Dean Witter Universal Funds, Inc. (''Morgan Stanley Portfolios''). Each Of the Existing Funds is registered as a management investment company under the 1940 Act. Not all of the Existing Funds are involved in the substitutions. The application contemplates that four of the six Alger Portfolios, three of the five MFS Portfolios and two of the ten Fidelity Portfolios will be replaced by substantially similar funds. In fact, Applicants state that the substitutions are structured so that the investment objectives and policies of the substituted portfolios will mirror the investment policies and objectives of the corresponding replaced portfolios.

5. The Variable contracts expressly reserve to AVLIC the right, subject to compliance with applicable law, to substitute shares of one open-end investment company for shares of another open-end investment company held by a Separate Account.

6. Calvert Variable Series, Inc., (''CVS'') is registered under the 1940 Act as an open-end management series. Currently, CVS has five investment portfolios (''Current CVS Series''). Shares of the Current CVS Series are offered only to insurance companies for allocation to certain of their variable separate accounts. Calvert Asset Management Company (''CAMCO'') provides investment management services to each of the current CVS Series. CVS has organized nine new series (collectively, the ''Ameritas Portfolios''). Each of the Ameritas Portfolios will replicate the investment objectives and policies of one of the Existing Funds involved in the Substitutions (each, a ''Replaced Fund'').

7. Overall investment management services will be provided to each of the newly organized Ameritas Portfolios by AIC pursuant to an advisory agreement between AIC and CVS (''AIC Advisory Agreement''). Under the AIC Advisory Agreement, IC will be responsible for the management of the business and affairs of each of the Ameritas Portfolios, subject to the supervision of the Board of Directors of CVS. AIC will also be authorized to exercise full investment discretion and make all determinations with respect to the investment of the assets of the respective Ameritas Portfolios. Under the AIC Advisory Agreement, AIC will have the ability, at its own cost and expense and subject to applicable requirements of the 1940 Act, to retain other investment advisory organizations (''Subadvisers'') to provide day-to-day portfolio management to each of the Ameritas Portfolios. For its services under the AIC Advisory Agreement, AIC will receive a fee from each of the Ameritas Portfolios. AIC, in turn, will pay the fees and expenses of any Subadviser retained by AIC or any of the Ameritas Portfolios.

8. Applicants seek relief for nine substitutions. The table below lists, for seven of the nine substitutions, the Replaced Funds and the Ameritas Portfolios that will be substituted for each if the order requested is granted. The column entitled ''Investment Objective and Policies'' summarizes the investment objectives and policies that are now in effect for the indicated Replaced Fund and will be in effect, following the substitutions, with respect to the indicated Ameritas Portfolio. The investment objectives and policies of the Ameritas Portfolios mirror those of the Replaced Funds. Therefore, Applicants stat that following the substitutions, each of the listed Ameritas Portfolios will have objectives and policies that are substantially the same as the objectives and policies of the Replaced Funds. Moreover, Applicants state that day-to-day investment decisions for the Ameritas Portfolios listed in the table below will be made by the same investment advisory organization that currently serves the corresponding Replaced Fund. Under these circumstances, Applicants represent that the investment objectives of those contractholders who are affected by substitutions 1 through 7 will not be materially affected by the substitutions.

Replaced fund	Ameritas portfolio	Subadviser for Ameritas portfolio	Investment objective and policies of replaced fund and Ameritas portfolio
1. Alger Income and Growth	Ameritas Income and Growth	Fred Alger Management, Inc.	Primarily seeks to provide a high level of dividend income. Secondary goal is to provide capital appreciation. Under normal circumstances, invests in dividend paying equity securities, such as common or preferred stocks, preferably those believed to offer opportunities for capital appreciation.
2. Alger Growth	Ameritas Growth	Fred Alger Management, Inc.	Seeks long-term capital appreciation. Focuses on companies that generally have broad product lines, markets, financial resources and depth of management. Under normal circumstances, invests primarily in equity securities, such as common or preferred stocks, of companies listed on U.S. exchanges or in the U.S. over-the-counter market, with market capitalizations of $1 billion or greater.

Replaced fund	Ameritas portfolio	Subadviser for Ameritas portfolio	Investment objective and policies of replaced fund and Ameritas portfolio
3. Alger Small Capitalization	Ameritas Small Capitalization	Fred Alger Management, Inc.	Seeks long-term capital appreciation. Focuses on small, fastgrowing companies that offer innovative products, services or technologies to a rapidly expanding marketplace. Under normal circumstances, invests primarily in equity securities, such as common or preferred stocks, of small capitalization companies listed on U.S. exchanges or in the U.S. over-the-counter market. A small capitalization company is one that has a market capitalization within the range of companies in the Russel 2000 Growth Index or the S&P SmallCap 600 index.
4. Alger MidCap Growth	Ameritas MidCap Growth	Fred Alger Management, Inc.	Seeks long-term capital appreciation. Invests in midsize companies with promising growth potential. Under normal circumstances, invests primarily in equity securities, such as common or preferred stocks, of companies listed on U.S. exchanges or in the U.S. over-the-counter market and having a market capitalization within the range of companies in the S&P MidCap 400 Index.
5. MFS Emerging Growth Series.	Ameritas Emerging Growth	MFS Co.	Seeks long-term growth of capital. Invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities, of emerging growth companies.
6. MFS Research Series	Ameritas Research	MFS Co.	Seeks long-term growth of capital and future income. Invests, under normal market conditions, at least 80% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts. Focuses on companies that are believed to have favorable prospects for long-term growth, attractive valuations based on current and expected earnings or cash flow, dominant or growing market share and superior management. Investments may be made in companies of any size and may include securities traded on securities exchanges or on the over-the counter-markets.

Replaced fund	Ameritas portfolio	Subadviser for Ameritas portfolio	Investment objective and policies of replaced fund and Ameritas portfolio
7. MFS Growth w/Income	Ameritas Growth w/Income	MFS Co.	Seeks to provide reasonable current income and long-term growth of capital and income. Invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities. These securities may be listed on a securities exchange or traded in the over the counter markets. While investments may be made in companies of any size, the focus is on companies with larger market capitalizations that are believed to have sustainable growth prospects and attractive valuations based on current and expected earnings or cash flow.

9. Substitutions 8 and 9 involve a stock index and a money market fund, respectively—vehicles that select their investments from narrowly defined classes of securities and in accordance with legally mandated investment disciplines. The tables below compare the investment objectives and policies of the Replaced Funds and the Ameritas Portfolios involved in these two remaining substitutions, and indicate the investment advisory organization that will be responsible for day-to-day portfolio management following the Substitutions. With respect to substitutions 8 and 9, Applicants represent that the Ameritas Portfolios involved in substitutions have objectives and policies that are sufficiently similar to those of the Replaced Funds so that the objective of the affected contractholders can continue to be met.

	Investment objective and policies
Substitution No. 8	
Replaced Fund, Fidelity Index 500, Fidelity Management and Research	Seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the Standard & Poor's 500. Invests at least 80% of assets in common stocks included in the Standard & Poor's 500. May lend securities to earn income for the fund.
Ameritas Portfolio, Ameritas Index 500 Portfolio, State Street Global Advisors.	Seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the S&P 500 Stock Index. The Portfolio intends to invest in all 500 stocks in the S&P Index in proportion to the weighting in the Index.
Substitution No. 9	
Replaced Fund, Fidelity Money Market, Fidelity Management and Research.	Seeks as high a level of current income as is consistent with the preservation of capital and liquidity. Invests in U.S. dollar-denominated money market securities, including U.S. Government securities and repurchase agreements, and may enter into reverse repurchase agreements.
Ameritas Portfolio, Ameritas Money Market Portfolio, CAMCO	Seeks as high a level of current income as is consistent with the preservation of capital and liquidity. Invests in U.S. dollar-denominated money market securities of domestic and foreign issuers, including U.S. Government securities and repurchase agreements, and may enter into reverse repurchase agreements. Invests more than 25% in the financial services industry.

10. In contrast to the Ameritas Portfolios involved in Substitution Nos. 1–7, the Ameritas Money Market Portfolio and the Ameritas Index 500 Portfolio will, following the substitutions, be subadvised by investment advisory organizations different from the organizations that currently manage the money market and stock index offerings among the Existing Portfolios. Following the substitutions, day-to-day portfolio decisions for the Ameritas Money Market Portfolio will be the responsibility of CAMCO. Day-to-day portfolio decisions for the Ameritas Index 500 Portfolio will be the responsibility of State Street Global Advisors, a division of State Street Bank and Trust Co. As in the case of the other Ameritas Portfolios, however, AIC will provide overall management supervision for both the Ameritas Money Market and Ameritas Index 500 Portfolios.

11. Applicants acknowledge that different investment advisory organizations may approach the management of money market and index funds differently. However, Applicants state that the potential impact of the change in the identity of the investment advisory organization responsible for day-to-day investment

decisions will be mitigated by the fact that these substitutions involve vehicles required to invest in a narrow range of securities and adhere to strict limits in their investment practices. In addition, Applicants believe the anticipated benefits that will follow from Applicants' increased ability to monitor and control the investment options offered to contractholders through the Variable Contracts outweigh any impact that a change in the portfolio manager of these funds may have on affected contractholders. Applicants also state that the investment advisory organizations that will be designated to make day-to-day investment decisions for the Ameritas Money Market Portfolio and Ameritas Index 500 Portfolio are experienced money managers and fully equipped to provide such services.

12. Applicants state that the Ameritas Portfolios will, in all cases, be smaller than the Replaced Funds. Applicants, state therefore that it is likely that the Ameritas Portfolios will have higher expense ratios than the Replaced Funds. Recognizing this, Applicants state that, as a condition of the requested order, AIC will waive its fee and/or reimburse the expenses of any Ameritas Portfolios if the expense ratio of that Portfolio exceeds the expense ratio of the corresponding Replaced Fund (''Prior Expense Ratio''). This fee cap will remain in effect until one year following the date on which the order is issued. Following the one year period, Applicants believe that the economies that can be achieved under the proposed structure, and future transactions under consideration by AVLIC and certain of its affiliated companies will tend to reduce the expense ratios of the Ameritas Portfolios.

13. Because there can be no guarantee that there will be substantial growth in the assets of the Ameritas Portfolios, AIC will guarantee, and will include such guarantee as a term in the AIC Advisory Agreement, that the expenses of an Ameritas Portfolio will not be permitted to exceed an expense ratio which is .10% greater than the Prior Expense Ratio of the corresponding Replaced Fund following the expiration of the initial one year fee cap, unless an amendment to the investment advisory contract is approved modifying or eliminating AIC's expense guarantee. Under Sections 15 (a) and (c) of the 1940 Act, any such amendment would require the approval of both the Board of Directors of CVS, including those directors who are ''independent directors'' of CVS, and the shareholders of the relevant Ameritas Portfolios. It is anticipated that the AIC Advisory Agreement will permit AIC to recapture expenses paid on behalf of the Ameritas Portfolios following the end of the one year fee cap period under certain circumstances. The AIC Advisory Agreement will include a provision that will permit AIC to recapture fees waived and/or expenses reimbursed to an Ameritas Portfolio following the expiration of the initial fee cap period. Such recapture would be permitted under the AIC Advisory Agreement, however, only after the expiration of the initial one year fee cap period and only with respect to periods in which the expense ratio of the relevant Ameritas Portfolio is a ratio which does not exceed the Prior Expense Ratio by more than .10%, after taking into account the fee recapture. In addition, such recapture will be available to AIC only until the second anniversary of the end of the initial fee cap period.

14. The chart below shows Applicants' representations regarding: (i) Expense ratios for the Replaced Funds as of December 31, 1998 and (ii) the total assets of each Replaced Fund as of December 31, 1998.

Replaced fund	Expense ratio	Assets at 12/31/98 (000 omitted)
Alger Small Cap	0.89%	1,216,584
Alger Growth	0.79%	1,904,719
Alger Income and Growth	0.70%	77,926
Alger MidCap	0.84%	689,571
MFS Emerging Growth	0.85%	908,987
MFS Research	0.86	567,778
MFS Growth w/Income	0.88% (after waiver [2])	244,310
Fidelity Index 500	0.28% (after waiver [2])	3,772,068
Fidelity Money Market	0.30%	1,507,489

[1] Prior to October 2, 1998, MFS voluntarily capped operating expenses of the Growth w/Income Fund (exclusive of management fees) at .25%; has this policy not been in effect, the expense ratio for that fund would have been .95%.

[2] For the period shown, Fidelity voluntarily capped total operating expenses at .28%; had this policy not been in effect, the expense ratio for the Fidelity Index 500 Portfolio would have been .35%.

15. The following chart shows (i) the estimated expense ratio for the Ameritas Portfolios; (ii) estimated assets of the Ameritas Portfolios; (iii) expense ratios for the Ameritas Portfolios with the 1 year cap in effect; and (iv) expense ratios after the one year cap.

Ameritas portfolio	Estimated expense ratio (percent)	Estimated assets (000 omitted)	1 Year cap (percent)	Expense cap (percent)
Small Cap	1.00	146,000	0.89	0.99
Growth	0.89	184,000	0.79	0.89
ncome & Growth	0.82	68,000	0.70	0.80
MidCap	0.97	84,000	0.84	0.94
Emerging Growth	0.91	106,000	0.85	0.95
Research	1.15	26,000	0.86	0.96
Growth w/Income	1.00	45,000	0.88	0.98
Index 500	0.41	197,000	0.28	0.38
Money Market Fund	0.35	142,000	0.30	0.40

16. Applicants state that the Ameritas-Acacia Merger brought together under one corporate umbrella several separate asset management organizations. Applicants represent that one of the anticipated benefits of the substitutions will be the opportunity to take advantage of economies of scale created by the Ameritas-Acacia Merger. The substitutions are a first step in the process. Specifically, the substitutions are the first step in establishing a manager of managers structure that will provide Applicants with increased ability to affect the administration and management of the investment options offered through Variable Contracts. As the overall investment manager of each of the Ameritas Portfolios, AIC will be in a position to oversee the operations of the Ameritas Portfolios, including the performance and portfolio management. Applicants represent that, following the substitutions, Applicants will have the means to more directly monitor the overall manner in which investment options available through the Variable Contracts are managed and administered. Applicants also state that this will be an important tool in assuring an efficient interface between the Ameritas Portfolios and the Variable Contracts. Applicants further represent that Applicants' involvement in overseeing the investment options offered through the Variable Contracts will allow Applicants greater flexibility to react to poor performance or mismanagement by a service provider, including Subadvisers, than is possible under the current arrangement. Applicants believe that may be the case even before the Ameritas Portfolios are permitted to rely upon the CVS 15(a) Order (see below). For example, Applicants, through AIC, would be in a position to monitor the operation of the Ameritas Portfolios more closely than is currently the case with respect to the Replaced Funds. In addition, Rule 15a–4 under the 1940 Act would permit Applicants to recommend to the CVS Board that a particular manager be replaced. Assuming Board approval and assuming that the subadvisory fee would remain unchanged, a new investment advisory organization could be engaged and assume portfolio management responsibilities immediately , provided only that the approval of the holders of a majority of the outstanding voting securities of the affected portfolio were obtained within the period prescribed by the rule.

17. CVS and certain of its affiliates have obtained exemptive relief from Section 15(a) of the 1940 Act (''CVS 15(a) Order''). The CVS 15(a) Order permits CAMCO, as the investment adviser for the several existing series of CVS to replace any subadviser or to employ a new Subadviser, without submitting such actions for the approval of shareholders of the affected series. Following the substitutions, Applicants anticipate that each of the Ameritas Portfolios will be entitled to rely on the CVS 15(a) Order. As a condition to the application, however, Applicants state that they will take no action in reliance on the CVS 15(a) Order with respect to any one of the Ameritas Portfolios unless and until the operation of that portfolio in the manner contemplated by the CVS 15(a) Order is approved following the substitutions, by the holders of a majority of the outstanding shares of that portfolio within the meaning of the 1940 Act and in a manner that is consistent with the order exempting CVS from certain provisions of Rules 6e–2 and 6e–3T under the 1940 Act (''CVS Shared Funding Order'').

18. Applicants state that on May 3, 1999, a supplement to each of the prospectuses relating to the Variable Contracts was filed with the Commission. The supplements summarized the substitutions, including the possible impact that the substitutions may have on fees and expenses, and were mailed to all contractholders. Prior to the time that the order requested by the application is issued, but following the date on which a notice of the application is published in the **Federal Register**, AVLIC will file with the Commission another supplement to the prospectus relating to the Variable Contracts. These supplements (''Product Supplements'') will reflect all material information relating to the substitutions and the Ameritas Portfolios, including the identity of the Replaced Funds, a description of the Ameritas Portfolios and their respective investment objectives and policies, the Subadviser for each of the Ameritas Portfolios, fees and expenses associated with the Ameritas Portfolios, and the impact that the substitution will have on fees and expenses. In addition, CVS has filed a post-effective amendment to its registration statement to reflect the organization of the nine Ameritas Portfolios (''Amended CVS Prospectus'').

19. Following the date on which the notice of the application is published in the **Federal Register**, but before the date on which the order requested by the application becomes effective (''Effective Date''), AVLIC will send to affected contractholders a notice (''Pre-Substitution Notice'') which will include the Product Supplements. The Pre-Substitution Notice will inform affected contractholders of (i) the effective date of the substitutions; (ii) the right of each affected contractholder, under the VUL and VA Contracts, to transfer contract values among the various subaccounts; (iii) the fact that any such transfer that involves a transfer from any of the Replaced Funds will not be subject to any administrative charge and will not count as one of the ''free transfers'' to which affected contractholders may otherwise be entitled.

20. Within five days after the Effective Date, affected contractholders will be sent written confirmation (''Confirmation Notice'') of the substitution transactions. The Confirmation Notice will (i) confirm that the substitutions were carried out; (ii) reiterate that each affected contractholder may make one transfer of all of the contract value or cash value under their Variable Contract that is invested in any one of the Subaccounts that were affected by the substitutions to any other Subaccount available under their Variable Contract without such transfer being subject to any administrative charge, or being counted as one of the ''free transfers'' (or one of the limited number of transfers) to which affected contractholders may be entitled under their Variable Contract; and (iii) state that AVLIC will not exercise any rights reserved by it under the Variable Contracts to impose additional restrictions on transfers until at least 30 days after the Effective Date. The Confirmation Notice will be accompanied by a then current prospectus relating to the relevant Variable Contract, amended to reflect the inclusion of the Ameritas Portfolios, as well as a definitive prospectus relating to the Ameritas Portfolios.

21. Applicants state that the substitutions will be effected by redeeming shares of the Replaced Funds at relative net asset value and using the proceeds to purchase shares of the Ameritas Portfolios at net asset value on the date the substitutions take place. The proceeds of such redemptions will be effected through a combination of cash and in-kind transactions. All redemptions and purchases will be effected in accordance with Rule 22c–1 under the 1940 Act. No transfer or similar charges will be imposed by AVLIC, and, at all times, all contract and policy values will remain unchanged and fully invested.

22. Redemptions in-kind will be done in a manner consistent with the investment objectives, policies and diversification requirements of the respective Ameritas Portfolios. Further,

Applicants represent that the in-kind redemptions for each of the Ameritas Portfolios will be reviewed by the Subadviser responsible for making day-to-day investments decisions for that Portfolio to assure that the investment objective, investment policies and diversification requirements set forth in the registration statement relating to the relevant Ameritas Portfolio are satisfied. In addition, Applicants represent that the in-kind asset transfers will be valued in the manner that is consistent with the valuation procedures of both the Replaced Fund and the relevant Ameritas Portfolio. Applicants further state that any inconsistencies in valuation procedures between the Replaced Fund and the relevant Ameritas Portfolio will be reconciled so that the redeeming and purchasing values are the same. In addition, and consistent with Rule 17a–7 under the 1940 Act, no brokerage commissions, fees (except customary transfer fees) or other remuneration will be paid in connection with the in-kind transactions.

23. The significant terms of the substitutions described in the application include:

a. The Ameritas Portfolios involved in substitutions 1–7 have objectives and policies that are substantially the same as the objectives and policies of the Replaced Fund so that the objectives of the affected contractholders can continue to be met. The Ameritas Portfolios involved in substitutions 8 and 9 have objectives and policies that are sufficiently similar so that the objective of the affected contractholders can continue to be met.

b. In connection with the proposed manager of managers structure, Applicants anticipate that each of the Ameritas Portfolios will seek to rely upon the CVS 15(a) Order. Applicants will take no action in reliance on the CVS 15(a) Order with respect to any one of the Ameritas Portfolios unless and until the application of the manager of managers structure contemplated by the CVS 15(a) Order is approved by a vote of a majority of the outstanding shares of that portfolio following the substitution and in a manner consistent with the CVS Shared Funding Order.

c. As a result of AIC's contractual obligation to waive fees and/or reimburse expenses, the expense ratio of each Ameritas Portfolio will, immediately following the Effective Date, not exceed the expense ratio reported by the respective Replaced Funds as of the end of such Replaced Fund's then most recently ended fiscal quarter (''Prior Expense Ratio''). AIC will continue to waive its fees and/or reimburse expenses, for each Ameritas Portfolio as necessary in accordance with this undertaking until one year following the date on which the order requested by the application is issued.

d. The AIC Advisory Agreement will also require AIC to guarantee that, following the initial one year fee cap, the expenses of an Ameritas Portfolio will not exceed an expense ratio that is 0.10% higher than the Prior Expense Ratio of its corresponding Replaced Fund unless an amendment to the AIC Advisory Agreement is approved, in accordance with Sections 15(a) and (c) of the 1940 Act, by the Board of Directors of CVS, including those directors who are ''independent directors'' of CVS, and the shareholders of the relevant Ameritas Portfolio.

e. Affected contractholders may transfer assets from any Subaccount of the Separate Accounts to any other subaccount available under the Variable Contract as permitted by their contract. Any such transfer that involves a transfer from any of the Replaced Funds, from the date of the notice that the Replaced Funds will be substituted through a date at least 30 days following the Effective Date, will not be subject to any administrative charge, and will not count as one of the ''free transfers'' to which affected contractholders may otherwise be entitled. Affected contractholders may also withdraw amounts under any contract or terminate their interest in any such contract in accordance with the terms and conditions of any such contract, including, but not limited to payment of any applicable surrender charge.

f. The substitutions will be effected at the net asset value of the respective shares in conformity with Section 22(c) of the 1940 Act and Rule 22c–1 thereunder, without the imposition of any transfer or similar charge, and without change in the amount or value of any Variable Contract held by affected contractholders. Affected contractholders will not incur any fees or charges as a result of the substitutions, nor will their rights or the obligations of AVLIC under such Variable Contracts be altered in any way. All expenses incurred in connection with the substitutions, including legal, accounting and other fees and expenses, will be borne by Applicants, other than the Separate Accounts.

g. Redemptions in-kind will be handled in a manner consistent with the investment objectives, policies and diversification requirements of the Ameritas Portfolios. Consistent with Rule 17a–7(d) under the 1940 Act, no brokerage commissions, fees (except customary transfer fees) or other remuneration will be paid by the Replaced Funds or Ameritas Portfolios or affected contractholders in connection with the in-kind transactions. In addition, the in-kind asset transfers will be valued in the manner that is consistent with the valuation procedures of both the Replaced Fund and relevant Ameritas Portfolio.

h. The substitutions will not be counted as transfers in determining the limit on the total number of transfers that affected contractholders may otherwise make under the Variable Contracts.

i. The substitutions will not alter in any way the annuity, life or tax benefits afforded under the Variable Contracts held by any contractholder.

24. Applicants state that they will not complete the substitutions and related transactions described in the application (other than the mailing of the Pre-Substitution Notices) unless all of the following conditions are met:

a. The Commission shall have issued an order (i) approving the substitutions under Section 26(b) of the 1940 Act; and exempting the in-kind redemptions from the provisions of Section 17(a) of the 1940 Act as necessary to carry out the substitutions as described in the application.

b. Each affected contractholder will be sent a Pre-Substitution Notice, which will include the Product Supplements and will inform affected contractholders of (i) the Effective Date of the substitutions; (ii) the right of each affected contractholder, under the VUL and VA Contracts, to transfer contract values among the various subaccounts (iii) the fact that any such transfer involves a transfer from any of the Replaced Funds will not be subject to any administrative charge and will not count as one of the ''free transfers'' to which affected contractholders may otherwise be entitled.

c. Each affected contractholder will receive, within five days following the Effective Date of the substitutions, written notice (''Confirmation Notice'') which will (i) confirm that the substitutions were carried out; (ii) reiterate that each affected contractholder may make one transfer of all of the contract value or cash value under their Variable Contract that is invested in any one of the Subaccounts that was affected by the substitutions to any other Subaccount available under their Variable Contract without such transfer being subject to any administrative charge, or being counted as one of the ''free transfers'' (or one of the limited number of transfers) to which affected contractholders may be entitled under their Variable Contract; and (iii) state that AVLIC will not exercise any rights reserved by it under the Variable Contracts to impose additional restrictions on transfers until at least 30 days after the Effective Date. The Confirmation Notice will be accompanied by a then current prospectus relating to the relevant Variable Contract, amended to reflect the inclusion of the Ameritas Portfolios, as well as a definitive prospectus relating to the Ameritas Portfolios.

d. AVLIC shall have satisfied itself that (i) the Variable Contracts allow the substitution of investments in the manner contemplated by the substitutions and related transaction described in the application; (ii) the transactions can be consummated as described in the application under applicable insurance laws; and (iii) that any regulatory requirements in each jurisdiction where the Variable Contracts are qualified for sale, have been complied with to the extent necessary to complete the transactions.

Applicants' Legal Analysis

1. Section 26(b) of the 1940 Act provides 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 approves such substitution. Section 26(b) further provides that the Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

2. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the substitutions and related transactions. Applicants assert that the purposes, terms, and conditions of the substitutions are consistent with the protection of investors and the purposes fairly intended by the 1940 Act. Applicants further assert that the substitutions will not result in the type of forced redemption that Section 26(b) was designed to guard against.

3. Applicants maintain that the substitutions do not represent the type of transaction that Section 26(b) was designed to prevent for the following reasons: (a) the substitutions are designed to give AVLIC more control over investment products; (b) the substitutions are part of a series of business initiatives which have the potential to reduce expenses; (c) the substitutions will provide benefits to contractholders due to the additional services provided by AIC; and (d) the procedures that Applicants will follow in the substitutions will give affected contractholders ample notice of the substitutions and any potential impact. In addition, Applicants state that affected contractholders can transfer from the Replaced Funds or the Ameritas Portfolios (after the substitution) without a transfer charge. Applicants also note that only 9 of 26 investment options are involved in the substitutions, and this, in combination with the transfer rights, gives affected contractholders an ability to ''opt out'' and have an effective choice of investments. Applicants state that these alternatives provide a range of investments sufficient to meet affected contractholders' investment goals.

4. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or any affiliate of such affiliated person, from selling any security or other property to such registered investment company. Section 17(a)(2) of the 1940 Act prohibits any affiliated person from purchasing any security or other property from such registered investment company.

5. Applicants request an order pursuant to Section 17(b) of the 1940 Act exempting the in-kind redemptions and purchases from the provisions of Section 17(a). Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting a proposed transaction from Section 17(a) if evidence establishes that: (1) The terms of the proposed transaction, including the consideration to be paid or received, are fair and reasonable and do not involve overreaching on the part of any person concerned; (2) the proposed transaction is consistent with the policy of each registered investment company concerned; and (3) the proposed transaction is consistent with the general purposes of the 1940 Act.

6. Applicants represent that, if effected in accordance with the procedures described in the application and summarized herein, the substitutions are consistent with the general purposes of the 1940 Act and do not present any of the conditions or abuses that the 1940 Act was designed to prevent. Applicants state that the consideration to be paid by each Ameritas Portfolio, and received by each of the Replaced Funds, will be fair and reasonable and will not involve overreaching because the substitutions will not result in the dilution of the interests of any affected contractholders and will not effect any change in economic interest, contract value or the dollar value of any Variable Contract held by an affected contractholder. The in-kind redemptions and purchases will be done at values consistent with the policies of both the Replaced Funds and the Ameritas Portfolios and will satisfy the procedural safeguards of Rule 17a–7. Both AIC and the Subadviser of the relevant Ameritas Portfolio will review all the asset transfers to assure that the assets meet the objectives of the relevant Ameritas Portfolio and that they are valued under the appropriate valuation procedures of the Replaced Fund and such Ameritas Portfolio. The in-kind redemption proceeds will consist of the same securities that are currently held by the Replaced Funds. In addition, in seven of the nine substitutions, the organization responsible for providing portfolio management services to the Ameritas Portfolio and the Replaced Portfolio will be the same, and the Ameritas Portfolio involved in substitutions 8 and 9 generally invest in a narrow range of securities and must adhere to strict limits in their investment practices. Applicants represent that the transactions are consistent with the policies of each investment company involved and the general purposes of the 1940 Act, and comply with the requirements of Section 17(b).

7. Applicants state that the facts and circumstances in the application are sufficient to assure that the substitutions will be carried out in a manner that is consistent with Section 17(b) and 26(b) of the 1940 Act and that the terms and conditions to which the relief Applicants request hereby will be subject are consistent with orders the Commission has issued in the past under similar circumstances.

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the substitutions and related transactions involving in-kind transactions should be granted.

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

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Agency Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the