

SECURITIES AND EXCHANGE COMMISSION**Submission for OMB Review; Comment Request**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension: Rule 19b-1, SEC File No. 270-312, OMB Control No. 3235-0354

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted a request for approval of extension on Rule 19b-1 under the Investment Company Act of 1940 ("the Act") [15 U.S.C. 80a-1 *et seq.*] to the Office of Management and Budget.

Rule 19b-1 prohibits investment companies from distributing long-term capital gains more than once every twelve months unless certain conditions are met. Rule 19b-1(c) permits unit investment trusts ("UITs") engaged exclusively in the business of investing in certain eligible fixed-income securities to distribute long-term capital gains more than once every twelve months, provided that the capital gains distribution falls within one of the categories in rule 19b-1(c)(1) and provided further that the capital gains distribution is clearly described as such in the report to the unitholder that must accompany the distribution (the "notice requirement").

The time required to comply with the notice requirement is estimated to be one hour or less for each additional distribution of long-term capital gains. Since there are approximately 14,175 UIT portfolios that may be eligible to use the rule, the estimated total annual maximum reporting burden would be 14,175 hours.

Rule 19b-1(e) also permits a registered investment company to apply for permission to distribute long-term capital gains more than once a year provided that the investment company did not foresee the circumstances that created the need for the distribution. The time required to prepare an application under rule 19b-1(e) should be approximately four hours. The Commission, however, has not received an application under rule 19b-1(e) in the last five years. Therefore, it estimates no additional annual paperwork burden under this provision.

The estimates of burden hours are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study.

General comments regarding the estimated burden hours should be directed to the Desk Officer for the Securities and Exchange Commission at the address below. Any comments concerning the accuracy of the estimated average burden hours for compliance with Commission rules and forms should be directed to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549 and Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, DC 20503.

Dated: August 5, 1996.

Jonathan G. Katz,
Secretary.

[FR Doc. 96-20345 Filed 8-8-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22115; File No. 812-10004]

AUSA Life Insurance Company, Inc., et al.

August 2, 1996.

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

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

APPLICANTS: AUSA Life Insurance Company, Inc. ("AUSA") and Diversified Investors Variable Funds ("Variable Account").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 26(b) of the 1940 Act approving a proposed substitution of securities.

SUMMARY OF APPLICATION: Applicants seek an order to permit the substitution (the "Substitution") of interests in the Diversified Investors Portfolios' International Equity Portfolio ("Diversified International Series") for shares in the International Portfolio of the Scudder Variable Life Investment Fund ("Scudder International Series").

FILING DATE: The application was filed on February 21, 1996, and amended on July 18, 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 on the application, or ask to be notified if a hearing is ordered, by writing to the Commission's Secretary and serving the Applicants with a copy of the request, either personally or by mail. Hearing requests must be received

by the Commission by 5:30 pm., on August 27, 1996, and should be accompanied by proof of service on the Applicants, either by affidavit, or, for lawyers, by certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of the date of the hearing by writing to the Commission's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Applicants, c/o David R. Woodward, Esq., LeBoeuf, Lamb, Greene & MacRae, L.L.P., 1875 Connecticut Avenue, N.W., Suite 1200, Washington, D.C. 20009.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel, or Patrice M. Pitts, Special Counsel, 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 SEC's Public Reference Branch.

Applicants' Representations

1. AUSA is a stock life insurance company organized under the laws of New York State. The Variable Account, a separate account established by AUSA, is registered with the Commission under the 1940 Act as a unit investment trust. The Variable Account serves as the funding vehicle for group variable annuity contracts ("Contracts") that are issued and administered by AUSA and available for sale to various types of retirement plans. Diversified Investors Securities Corp. serves as principal underwriter of the Contracts.

2. The Variable Account is divided into a number of sub-accounts ("Sub-Accounts") that correspond to the mutual funds in which each Sub-Account's assets are invested, including the Calvert Responsibly Invested Balanced Portfolio, the Scudder International Series, and eleven series of Diversified Investors Portfolios ("Trust")—a New York business that is registered under the 1940 Act as an open-end management company.

3. The Sub-Accounts that invest in the Trust do so under a "Hub & Spoke" arrangement. Each Sub-Account which invests in a series of the Trust is a "spoke" or feeder fund. The corresponding series of the Trust is a "hub" or master fund. Interests in the Trust may also be sold to other types of collective investment vehicles or institutional investors. Variations in

sales commissions and other operating expenses permit these other investors to sell their shares at different public offering prices from the Sub-Accounts, and, consequently, to experience returns that differ from the returns of holders in Contracts in the Variable Account ("Holders").

4. The investment objective of the Diversified International Series of the Trust is to provide a high level of long term capital appreciation through investment in a diversified portfolio of securities of foreign issuers. Under normal circumstances 65% of the assets of the Diversified International Series is invested in foreign equity securities and its assets are invested in a minimum of three countries outside of the United States. Diversified Investment Advisors, Inc. serves as advisor, and Capital Guardian Trust Company serves as sub-advisor, to the Diversified International Series. The annual fee for advisory services provided in connection with the Diversified International Series is .75% of the Series' average net assets; other expenses for the Diversified International Series were estimated to be .15% of average net assets. A Sub-Account of the Variable Account was organized in order to invest in interests of the Diversified International Series. To date, however, no investment has been made, and all of the interests in the Diversified International Series are held by other spoke/feeder funds.

5. Under Scudder International Equity Sub-Account of the Variable Account ("International Equity Sub-Account") currently invests in the Scudder International Series of the Scudder Variable Life Investment Fund ("Scudder Fund"), a Massachusetts business trust registered under the 1940 Act as a diversified open-end investment company. The investment objective of the Scudder International Series is to achieve long term growth of capital primarily through diversified holdings of marketable foreign equity investments. The Scudder International Series invests in companies, wherever organized, that do business primarily outside the United States. The Scudder International Series intends to diversify investments among several countries and to have represented in its holdings business activities in not less than three different countries. Scudder, Stevens & Clark is the investment advisor of the Scudder International Series. The advisory fee for the Scudder Series is .875%; other expenses associated with the Scudder Series in 1995 were estimated to be .205% of average net assets.

6. Under the Contracts, AUSA reserves the right to effect a substitution;

the prospectus through which the Contracts are offered discloses this substitution right. For the following reasons, AUSA on its own behalf and on behalf of the Variable Account proposes to substitute interests of the Diversified International Series for shares of the Scudder International Series currently held in the International Equity Sub-Account. Retirement plans that have entered into Contracts have done so because they wished to invest in the Trust, and to receive the benefits of investment management services provided to the Trust and the efficiencies available under the Trust's master-feeder structure. The two Sub-Accounts that do not invest in the Trust were established in 1993 to provide certain investment options for which no corresponding series was available under the Trust. An international equity option now is available under the Trust, and the best interests of Holders are served by providing that investment option under the Contracts. Because the Diversified International Series and the Scudder International Series have substantially similar investment objectives and policies, the Substitution is necessary to avoid the confusion and duplication that would result from having two Sub-Accounts that invest in different international equity funds.

7. The Substitution will be at net asset value of the respective shares, without the imposition of any transfer, sales, or similar charge. AUSA will pay all expenses and transaction costs of the Substitution, including any applicable brokerage commission.

8. AUSA will file a post-effective Amendment to the registration statement on Form N-4 for the Variable Account to reflect the Substitution in its prospectus, as well as information relating to the Diversified International Series and the elimination of the Scudder name from the Sub-Account.

9. Within five days after the Substitution, AUSA will send to the Holders a written notice ("Notice") of the substitution that identifies the interests in the Diversified International Series that have been substituted. AUSA will include in such mailing an updated prospectus of the Variable Account that discloses the completion of the Substitution and that the International Equity Sub-Account will henceforth invest in the Diversified International Series. Holders will be advised in the Notice that for a period of sixty days from the mailing of the Notice, they may transfer all assets as substituted to any other available Sub-Account. No transfer charge is currently in effect, and none will be imposed prior to the expiration of the sixty day period.

Following the substitution, Holders will be afforded the same contact rights, including surrender and other transfer rights with regard to amounts invested under the Contracts, as they currently have.

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 proposed Substitution are consistent with the principles and purposes of Section 26(b). 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.

a. The objectives, policies and restrictions of the Diversified International Series are sufficiently similar to the objectives of the Scudder International Series so as to continue fulfilling the Holders' present objectives and risk expectations.

b. The Substitution will be at net asset value of the respective shares, without the imposition of any transfer, sales or similar charge.

c. AUSA has undertaken to assume the expenses and transaction costs relating to the Substitution, including, among others, legal and accounting fees and any brokerage commissions.

d. Within five days after the Substitution, AUSA will send to the Holders written notice of the Substitution, identifying the interests

in the Diversified International Series that were substituted, and disclosing that the International Equity Sub-Account will henceforth invest in the Diversified International Series.

e. For sixty days following the receipt of Notice of the Substitution, a Holder may transfer assets as substituted to any other Sub-Account available under the Contract. No transfer charge or limitation on the number of transfers currently is in effect, and none will be imposed before the expiration of sixty days from the date on which Notice of the Substitution is given.

f. After the Substitution, Holders may transfer among Sub-accounts in accordance with the terms of their Contracts. Currently, the Contracts neither limit allowable transfers nor do they currently impose a charge for transfers.

g. The Substitution will not alter the insurance benefits to Holders or the contractual obligations of AUSA.

h. AUSA has been advised by counsel that the Substitution will not give rise to any tax consequences to the Holders.

i. Currently, Holders may withdraw amounts credited to them following the Substitution without any Contract charge, subject to a penalty tax upon premature withdrawals, if applicable.

j. The Substitution will: (A) provide a more appropriate international equity investment option within the context of the overall investment program available under the Contracts; (B) avoid the confusion which would be caused by having two international equity investment options available through the Variable Account; and (C) provide economic benefits to Holders through lower investment advisory fees and other expenses.

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.

Jonathan G. Katz,

Secretary.

[FR Doc. 96-20346 Filed 8-8-96; 8:45 am]

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[Release No. 35-26550]

Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")

August 2, 1996.

Notice is hereby given that the following filing(s) summarized below. The application(s) and/or declaration(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are

referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by August 26, 1996, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

The Columbia Gas System, Inc. (70-8801)

The Columbia Gas System, Inc. ("Columbia"), 20 Montchanin Road, Wilmington, Delaware 19807, a registered public utility holding company, has filed an amendment to its application-declaration with this Commission under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 45 and 54 thereunder.¹

Columbia proposes: (1) to acquire the common stock of one or more existing or new direct or indirect subsidiaries through December 31, 1997; (2) to engage, through such subsidiaries or one or more new joint ventures, in marketing and/or brokering of various energy commodities; (3) to provide guarantees, through August 31, 2001, to any such subsidiary or joint venture; and (4) that such subsidiaries utilize market hedging and certain other techniques in order to minimize their financial exposure and Columbia's exposure from its guarantees.

By orders of the Commission dated September 26, 1986 and April 22, 1993 (HCAR Nos. 24199 and 25802, respectively), Columbia was authorized to establish, respectively, TriStar

Ventures Corporation and its subsidiaries (collectively, "TriStar") (to invest in and operate electric cogeneration facilities) and Columbia Energy Services Corporation ("CES") (to market natural gas products and services). Columbia now proposes to market and broker other forms of energy either through TriStar or CES, through one or more new direct or indirect subsidiaries of Columbia (any one an "Energy Products Company") or through a joint venture entity to be formed with a third party.²

The services provided by Energy Products Companies will include the marketing and/or brokering of electric energy at wholesale, and, to the extent permitted by state law, at retail. In addition, it is proposed that Energy Products Companies market any form of natural gas or manufactured gas, propane, natural gas liquids, oil, refined petroleum and petroleum products, coal, food products, compressed air, hot or chilled water, or steam. It is also requested that Energy Products company market emission allowances. Columbia states that authorization to market a broad array of energy products will enable Energy Products Companies to compete effectively with other energy suppliers.

Energy Products Companies will initially concentrate their efforts in those states currently served by the Columbia System's natural gas pipeline and local distribution companies (generally Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia). Columbia states that an Energy Products Company's potential customer base may include individuals and entities located outside of this geographic area.

Columbia proposes to provide Energy Products Companies with up to \$5 million in funding through December 31, 1997, through the purchase from time to time of shares of common stock of Energy Products Companies, \$25 par value, at a purchase price at or above par value. In addition, Columbia proposes to provide guarantees, through August 31, 2001, to Energy Products Companies and/or to any joint venture in which an Energy Products Company is a participant, so long as such

² Columbia requests authorization for Energy Products Companies to invest funds for the development of joint venture entities, subject to a reservation of jurisdiction over the acquisition by an Energy Products Company of any ownership interest in a joint venture entity. It is proposed that such a joint venture engage in the marketing or brokering of energy commodities in the same manner in which an Energy Products Company would be authorized.

¹ A notice of Columbia's original proposal, filed February 15, 1996 in this application-declaration was issued by the Commission on March 1, 1996 (HCAR No. 26480). On July 10, 1996, Columbia filed Amendment No. 1 to the application-declaration, substantially revising its proposal. This notice supersedes the March notice.