

in the PMI application is used by OPM's Employment Service to obtain nominations, and to screen and establish a nationwide competitive selection process. Applications are mailed to educational institutions at the beginning of each academic year. Students are nominated by their deans and chairpersons to compete in the PMI Program. The application is completed by the student (nominee) and submitted to the school official for review and nomination. After the initial review process, nominees are invited to participate in a structured assessment center process. Selection as a PMI finalist is based on their participation in the assessment center process. For the 1999 PMI application, we are proposing the elimination of Section C which included 97 behavioral consistency questions.

It is anticipated that 2000 applications will be received and processed in 1999. Number of hours required for completing PMI application forms by graduate program deans or chairpersons is 1 hour per application = 2000. Number of hours required per graduate student for completing application form is 1 hour = 2000.

Comments are particularly invited on:

- The elimination of Section C of the 1999 PMI application;
- Whether this collection of information is necessary for the proper performance of functions of the Office of Personnel Management, and whether it will have practical utility;
- Whether our estimate of the public burden of this collection of information is accurate, and based on valid assumptions and methodology; and
- Ways in which we can minimize the burden of the collection of information on those who are to respond, through the use of appropriate technological collection techniques or other forms of information technology.

For copies of the clearance package, call Mary Beth Smith-Toomey on (202) 606-8358, or email to mbtoomey@opm.gov.

DATES: Comments on this proposal should be received within 60 calendar days from the date of this publication.

ADDRESSES: Send or deliver comments to—Kathleen A. Keeney, U.S. Office of Personnel Management, Presidential Management Intern Program, William J. Green, Jr., Federal Building, Room 3400, 600 Arch Street, Philadelphia, PA 19106.

FOR FURTHER INFORMATION CONTACT: Kathleen A. Keeney (215) 861-3027

U.S. Office of Personnel Management.

Janice R. Lachance,

Director, U.S. Office of Personnel Management.

[FR Doc. 99-4690 Filed 2-24-99; 8:45 am]

BILLING CODE 6325-01-P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23 701; File No. 812-11396]

Hartford Life and Annuity Insurance Company, et al.; Notice of Amended Application

February 19, 1999.

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

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

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered unit investment trusts to substitute shares of Bond Portfolio of One Group Investment Trust ("One Group Trust") for shares of Pegasus Variable Fund ("Pegasus Trust") Bond Fund, shares of One Group Trust's Diversified Equity Portfolio for shares of Pegasus Variable Fund's Growth and Value Fund, shares of One Group Trust's Diversified Mid Cap Portfolio for shares of Pegasus Trust's Mid Cap Opportunity Fund, shares of One Group Trust's Large Cap Growth Portfolio for shares of Pegasus Trust's Growth Fund and shares of One Group Trust's Mid Cap Value Portfolio for shares of Pegasus Trust's Intrinsic Value Fund currently held by those unit investment trusts, and to permit certain in-kind redemptions of portfolio securities in connection with the substitutions.

APPLICANTS: Hartford Life and Annuity Insurance Company ("Hartford"), ICMG Registered Variable Life Separate Account One ("ICMG Account") and Hartford Life and Annuity Insurance Company Separate Account Six ("Annuity Account," together with the ICMG Account, the "Accounts").

FILING DATE: The application was filed on November 10, 1998,¹ and amended and restated on February 12, 1999.

¹ The Commission previously published a notice of the application. Investment Company Act Release No. 23652 (January 13, 1999) [64 FR 3322 (January 21, 1999)] ("Rel. IC-23652"). Applicants subsequently amended and restated the application.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on March 16, 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 may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o Marianne O'Doherty, Esq., Counsel, Hartford Life and Annuity Insurance Company, 200 Hopmeadow Street, Simsbury, Connecticut 06089. Copies to Stephen E. Roth, Esq. and David S. Goldstein, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, N.W., Washington, D.C. 20004-2415.

FOR FURTHER INFORMATION CONTACT: Ethan D. Corey, Senior Counsel, at (202) 942-0675, or Kevin M. Kirchoff, Branch Chief, at (202) 942-0672, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 5th Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicant's Representations

1. Hartford is a stock life insurance company incorporated in Connecticut. Hartford is engaged in the business of writing individual and group life insurance and annuity contracts in the District of Columbia and all states but New York. Hartford is the depositor and sponsor of the Accounts.

2. The ICMG Account, a segregated investment account established under Connecticut law, is registered with the Commission as a unit investment trust. The ICMG Account is currently divided into fourteen subaccounts, each of which invests exclusively in shares representing an interest in a separate corresponding investment portfolio ("Fund") of one of the three

This release publishes notice of the application as amended and restated, and supersedes Rel. IC-23652.

management investment companies of the series type ("Management Companies"), including Pegasus Trust. The assets of the ICMG Account support flexible premium group variable life insurance contracts ("ICMG Contracts"), and interests in the Account offered through the ICMG Contracts have been registered under the Securities Act of 1933 (the "1933 Act") on Form S-6.

3. The Annuity Account is currently divided into thirteen subaccounts. Each subaccount invests exclusively in a corresponding Fund of one of the same three Management Companies in which the ICMG Account invests. The assets of the Annuity Account support individual and group flexible premium deferred variable annuity contracts ("Annuity Contracts," together with the ICMG Contracts, "Contracts"), and interests in the Account offered through the Annuity Contracts have been registered under the 1933 Act on Form N-4 (File No. 33-86330).

4. Pegasus Trust, a Delaware business trust, is registered under the Act as an open-end management investment company (File No. 811-8854). Pegasus Trust currently comprises five Funds, all of which would be involved in the proposed substitutions. Pegasus Trust issues a separate series of shares of beneficial interest in connection with each Fund. Those shares are registered under the 1933 Act on Form N-1A (File No. 33-86186). First Chicago NBD Investment Management Company serves as the investment adviser to Pegasus Trust.

5. One Group Trust, a Massachusetts business trust, is registered under the Act as an open-end management investment company (File No. 811-7874). One Group Trust currently comprises nine Funds. One Group Trust issues a separate series of shares of beneficial interest in connection with each Fund and has registered these shares under the 1933 Act on Form N-1A (File No. 33-66080). Banc One Investment Advisors Corporation serves as investment adviser to One Group Trust.

6. Pegasus Trust's Bond Fund ("Pegasus Bond Fund") seeks to maximize its total rate of return by investing predominantly in intermediate and long-term debt securities denominated in U.S. dollars. During normal market conditions, the Fund's average weighted portfolio maturity is generally 6 to 12 years. Debt securities in which the Pegasus Bond Fund normally invests include: (a) obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities; (b) corporate, bank and commercial obligations; (c)

securities issued or guaranteed by foreign governments and their agencies or instrumentalities; (d) securities issued by supranational banks; (e) mortgage-backed and other asset-backed securities; and (f) variable rate bonds, zero coupon bonds, debentures and various types of demand instruments. Up to 15% of the Pegasus Bond Fund's total assets may be invested in dollar-denominated debt securities of foreign issuers.

7. One Group Trust's Bond Portfolio ("One Group Bond Portfolio") seeks to maximize total return by investing primarily in a diversified portfolio of intermediate and long-term debt securities. At least 65% of the One Group Bond Portfolio's total assets is invested in bonds and at least 65% in debt securities of all types with intermediate to long maturities. The One Group Bond Portfolio mainly invests in investment grade bonds and debt securities, which may include mortgage-backed and other types of asset-backed securities. It also may invest in convertible securities, preferred stock and loan participations. The One Group Bond Portfolio normally maintains a weighted average maturity of between four and twelve years, although it may shorten this maturity for temporary defensive purposes.

8. Pegasus Trust's Growth and Value Fund ("Pegasus Growth and Value Fund") seeks long-term capital growth, with income a secondary consideration. It invests primarily in equity securities of larger companies believed by its investment adviser to represent a value of potential worth that is not fully recognized by prevailing market prices. It invests in equity securities of companies that its investment adviser believes have earnings growth expectations that exceed those implied by the market's current valuation or whose earnings it expects to increase at a rate in excess of those within the general equity market.

9. One Group Trust's Diversified Equity Portfolio ("One Group Diversified Equity Portfolio") seeks long-term capital growth and growth of income and secondarily, a moderate level of current income. It invests primarily in common stocks of overlooked or undervalued companies that have the potential for earnings growth over time. It follows a multi-style strategy in that it may invest in securities of both value and growth-oriented companies of varying levels of capitalization.

10. Pegasus Trust's Mid Cap Opportunity Fund ("Pegasus Mid Cap Opportunity Fund") seeks long-term capital appreciation. It seeks to achieve

its objective by investing primarily in equity securities of companies with market capitalizations of \$500 million to \$3 billion.

11. One Group Trust's Diversified Mid Cap Portfolio ("One Group Diversified Mid Cap Portfolio") seeks long term capital growth by investing primarily in equity securities of companies with market capitalizations of between \$500 million and \$5 billion. The One Group Diversified Mid Cap Portfolio invests in companies with strong growth potential, stable market share, and an ability to respond quickly to new business opportunities. Normally the One Group Diversified Mid Cap Portfolio invests at least 65% of its total assets in common and preferred stock, rights, warrants, securities convertible into common stock, and other equity securities. The One Group Diversified Mid Cap Portfolio may invest up to 25% of its total assets in foreign securities and up to 20% of its total assets in investment grade debt securities, U.S. government securities, cash and cash equivalents.

12. Pegasus Trust's Growth Fund ("Pegasus Growth Fund") seeks long-term capital appreciation. It seeks to achieve its objective by investing primarily in equity securities of domestic issuers believed by its investment adviser to have above-average growth characteristics. The investment adviser often considers the following factors in evaluating growth characteristics: development of new or improved products, a favorable growth outlook for the issuer's industry, patterns of increasing sales and earnings, the probability of increased operating efficiencies, and cyclical conditions.

13. One Group Trust's Large Cap Growth Portfolio ("One Group Large Cap Growth Portfolio") seeks long-term capital appreciation and growth of income by investing primarily in equity securities of large well-established companies. The weighted average market capitalization of such companies normally exceeds the median market capitalization of the Standard & Poor's 500 Composite Stock Price Index. The One Group Large Cap Growth Portfolio normally invests at least 65% of its total assets in those types of equity securities.

14. Pegasus Trust's Intrinsic Value Fund ("Pegasus Intrinsic Value Fund") seeks long-term capital appreciation. It seeks to achieve its objective by investing primarily in equity securities of companies that its investment adviser believes represent a value or potential worth that it not recognized by prevailing market prices. In selecting securities, the Fund's investment adviser employs screening techniques to

isolate issues that it believes are attractively priced and then evaluates the underlying earning power and dividend paying ability of the issuer. The Fund's holdings are usually characterized by lower price/earnings, price/cash flow and price/book value ratios and by above-average current dividend yields relative to the equity market.

15. One Group Trust's Mid Cap Value Portfolio ("One Group Mid Cap Value Portfolio") seeks capital appreciation with a secondary goal of achieving current income by investing primarily in equity securities. At least 80% of the One Group Mid Cap Value Portfolio's total assets are invested in equity securities, including common stock, debt securities and preferred stock convertible into common stock. Generally, the One Group Mid Cap Value Portfolio invests in equity securities of companies with below-average price/earnings and price/book value ratios and having market capitalizations of \$500 million to \$5 billion. The One Group Mid Cap Value Portfolio also considers a company's financial soundness and earnings prospects. It generally will sell a security if its investment adviser believes that the issuer's fundamental business prospects are declining or its ability to pay dividends is impaired.

16. Banc One Investment Advisors Corporation, investment adviser to One Group Trust, is an indirect wholly-owned subsidiary of Bank One Corporation. Until recently, First Chicago NBD Investment Management, investment adviser to Pegasus Trust, was an indirect wholly-owned subsidiary of First Chicago NBD Corporation. As of October 2, 1998, Bank One Corporation and First Chicago NBD Corporation underwent a merger and have decided to consolidate the mutual fund operations of First Chicago NBD Investment Management with those of Banc One Investment Advisors. Applicants assert that in connection with this consolidation, it has been determined that the organization needs only one Management Company as an investment vehicle for variable life

insurance and variable annuity contracts and that One Group Trust rather than Pegasus Trust should be that vehicle. As a result, Pegasus Trust will be closed down and will therefore be unable to continue to offer its shares to the Accounts.

17. Under the Contracts, Hartford reserves the right to substitute shares of one Fund for shares of another, including a Fund of a different Management Company.

18. Hartford proposes to substitute shares of the One Group Bond Portfolio for shares of the Pegasus Bond Fund, shares of the One Group Diversified Equity Portfolio for shares of the Pegasus Growth and Value Fund, shares of the One Group Diversified Mid Cap Portfolio for shares of the Pegasus Mid Cap Opportunity Fund, shares of the One Group Large Cap Growth Portfolio for shares of the Pegasus Growth Fund and shares of the One Group Mid Cap Value Portfolio for shares of the Pegasus Intrinsic Value Fund (collectively, "Substitutions"). Hartford proposes to carry out certain substitutions by redeeming shares issued by Pegasus Trust in kind and using the redemption proceeds to purchase shares issued by One Group Trust.

19. With respect to the proposed substitution of shares of One Group Bond Portfolio for shares of Pegasus Bond Fund, shares of One Group Diversified Mid Cap Portfolio for shares of Pegasus Mid Cap Opportunity Fund, shares of One Group Diversified Equity Portfolio for shares of Pegasus Growth and Value Fund and shares of One Group Mid Cap Value Portfolio for shares of Pegasus Intrinsic Value Fund, Applicants assert that in anticipation of Pegasus Trust's discontinuation, One Group Trust is in the process of creating new investment portfolios including the Bond Fund, Diversified Mid Cap Portfolio, Diversified Equity Portfolio and Mid Cap Value Portfolio. Each of these funds has been designed as a replacement for its Pegasus Trust counterpart. As such, each has an investment objective (or objectives) that is virtually or substantially identical to that of its Pegasus Trust counterpart and

pursues such objective(s) using similar investment policies. The effect of the foregoing four proposed substitutions would be to "transfer" these Pegasus Trust Funds intact to the One Group Trust. Banc One Investment Advisors has indicated to Hartford that it has undertaken to waive the management fee of these four One Group Trust Funds during their first year of operation to the extent necessary to limit each Fund's expense ratio as follows: Bond Fund, 0.7%; Diversified Mid Cap Portfolio, 0.95%; Diversified Equity Portfolio, 0.95%; and Mid Cap Value Portfolio, 0.95%.

20. With respect to the proposed substitution of shares of One Group Large Cap Growth Portfolio for shares of Pegasus Growth Fund, Applicants assert that One Group Large Cap Growth Portfolio has substantially the same investment objective as the Pegasus Growth Fund. If the proposed substitutions of One Group Large Cap Growth Portfolio shares for those of Pegasus Growth Fund occurs, Large Cap Growth Portfolio would increase in size by approximately 15% and be more than seven times the size of the Growth Fund. This proposed substitution would move Contract owners currently invested in Pegasus Trust Growth Fund to a much larger fund with substantially the same risk and reward characteristics. Applicants assert that although Pegasus Growth Fund has had somewhat lower expense ratios than One Group Trust Large Cap Growth Portfolio during the last three years, the immediate increase in size of the later after the proposed substitution would result in a lower ratio in fiscal 1999 and that One Group Large Cap Growth Portfolio has had better cumulative performance over the past three fiscal years than has Pegasus Growth Fund.

21. The following charts show the approximate year-end net asset level, ratio of operating expenses as a percentage of average net assets, and annual total returns for each of the past three years for the Pegasus Growth Fund and the One Group Large Cap Growth Portfolio:

Pegasus growth fund	Net assets at year-end	Expense ratio	Total return
1995	\$6,434,936	.85% (annualized)	18.82% (annualized)
1996	11,542,021	.85%	17.52%
1997	15,839,911	.91%	24.48%

One group large cap growth portfolio	Net assets at year-end	Expense ratio ² (percent)	Total return (percent)
1995	\$16,119,036	.90%	24.13
1996	42,893,346	.98%	16.67

One group large cap growth portfolio	Net assets at year-end	Expense ratio ² (percent)	Total return (percent)
1997	99,627,641	1.00	31.93

² The One Group Trust Large Cap Growth Portfolio's investment adviser voluntarily waived part of its investment management fee during 1995 and 1996 in order to limit the Fund's expense ratios to the amounts shown for those years. Absent such waivers, the expense ratios for 1995 and 1996 would have been. 1.64% and 1.16%, respectively

22. By supplements to the various prospectuses for the Contracts and the Accounts, Hartford will notify all owners of the Contracts of its intention to effect the Substitutions. The supplements for the Accounts advise Contract owners that from the date of the supplement until the date of the Substitutions, owners are permitted to make one transfer of all amounts under a Contract invested in any one of the affected subaccounts on the date of the supplement to another subaccount available under a Contract other than one of the other affected subaccounts without that transfer counting as a "free" transfer permitted under a Contract. The supplements also inform Contract owners that Hartford will not exercise any rights reserved under any Contracts to impose additional restrictions on transfers until at least 30 days after the proposed substitution.

23. The Substitutions will take place at relative net asset value with no change in the amount of any Contract owner's Contract value, cash value or death benefit or in the dollar value of his or her investment in either of the Accounts. Contract owners will not incur any fees or charges as a result of the Substitutions, nor will their rights or Hartford's obligations under the Contracts be altered in any way. All expenses incurred in connection with the substitutions, including legal, accounting and other fees and expenses, will be paid by Hartford. In addition, the Substitutions will not impose any tax liability on contract owners. The Substitutions will not cause the contract fees and charges currently being paid by existing Contract owners to be greater after the Substitutions than before the Substitutions. The Substitutions will not be treated as a transfer for the purpose of assessing transfer charges or for determining the number of remaining permissible transfers in a Contract year. Hartford will not exercise any right it may have under the Contracts to impose additional restrictions on transfers under any of the Contracts for a period of at least 30 days following the Substitutions.

24. In addition to the prospectus supplements distributed to owners of Contracts, within five days after the Substitutions, any Contract owners who were affected by the Substitutions will

be sent a written notice informing them that the Substitutions were carried out and that they may make one transfer of all Contract value or cash value under a Contract invested in any one of the affected subaccounts on the date of the notice to another subaccount or separate account available under their Contract without that transfer counting as one of any limited number of transfers permitted in a Contract year or as one of a limited number transfers permitted in a Contract year free of charge. The notice will also reiterate the fact that Hartford will not exercise any rights reserved by it under the Contracts to impose additional restrictions on transfers until at least 30 days after the Substitutions. The notice as delivered in certain states also may explain that, under the insurance regulations in those states, Contract owners who are affected by the substitutions may exchange their Contracts for fixed-benefit life insurance contracts or annuity contracts, as applicable, issued by Hartford (or one of its affiliates) during the 60 days following the Substitutions. The notices will be accompanied by current prospectuses for One Group Trust.

Applicants' Legal Analysis

1. Section 26(b) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to obtain Commission approval before substituting the securities held by the trust. Specifically, Section 26(b) states:

It shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution. 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 policy and provisions of this title.

2. Applicants state that the Substitutions appear to involve substitutions of securities within the meaning of Section 26(b) of the Act and request that the Commission issue an order pursuant to Section 26(b) of the Act approving the Substitutions.

3. The Contracts expressly reserve for Hartford the right, subject to Commission approval, to substitute

shares of another Management Company for shares of a Management Company held by a subaccount of the Accounts. Applicants assert that the prospectuses for the Contracts and the Accounts contain appropriate disclosure of this right.

4. Applicants request an order of the Commission pursuant to Section 26(b) of the Act approving the proposed substitutions by Hartford. Applicants assert that the Substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

5. Applicants assert that in the cases of the proposed substitution of shares of One Group Bond Portfolio for shares of Pegasus Mid Cap Opportunity Fund, shares of One Group Diversified Equity Portfolio for shares of Pegasus Growth and Value Fund and shares of One Group Mid Cap Value Portfolio for shares of Pegasus Intrinsic Value Fund, the Pegasus Trust Funds would be replaced by essentially the same Fund under a different name. Although these Funds, in their One Group Trust incarnation, may not be managed by the same individuals as managed them for Pegasus Trust, each Fund will maintain its essential character along with its investment objective(s) and policies. Moreover, applicants assert that these Funds' prospects for significant future growth are greater as part of the One Group Trust than they would have been as part of Pegasus Trust.

6. Applicants assert that in the case of the proposed substitution of shares of One Group Trust Large Cap Growth Portfolio for shares of Pegasus Trust Growth Fund, Pegasus Trust Growth Fund would be replaced by a Fund with very similar investment objectives and policies, but of much larger size. Although expense ratios over the most recent three fiscal years have been somewhat lower for Pegasus Growth Fund than for One Group Trust Large Cap Growth Portfolio, cumulative investment performance for the later has been better than for the former over the same periods and investors in Large Cap Growth Portfolio can reasonably expect a decline in expense ratios as result of the increase in assets following the proposed substitution. For these reasons, Applicants assert that Contract

owners would benefit from the proposed substitution.

7. Applicants assert that they anticipate that Contract owners will be at least as well off with the array of subaccounts offered after the proposed substitutions as they have been with the array of subaccounts offered prior to the substitutions. Applicants assert that the Substitutions retain for Contract owners the investment flexibility which is a central feature of the Contracts. If the Substitutions are carried out, all Contract owners will be permitted to allocate purchase payments and transfer Contract values and cash values between and among the same number of subaccounts as they could before the Substitutions.

8. Applicants assert that each of the Substitutions is not the type of substitution which Section 26(b) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer Contract or cash values into other subaccounts. Moreover, the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected subaccounts into any of the remaining subaccounts without cost or other disadvantage. Applicants assert that the Substitutions, therefore, will not result in the type of costly forced redemption which Section 26(b) was designed to prevent.

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

10. Section 17(b) of the Act authorizes the Commission to issue an order exempting a proposed transaction from Section 17(a) if: (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned; and (c) the proposed transaction is consistent with the general purposes of the Act.

11. Applicants request an order pursuant to Section 17(b) of the Act exempting them, Pegasus Trust and One Group from the provisions of Section

17(a) to the extent necessary to permit Hartford to carry out the Substitutions.

12. Applicants assert that the terms of the Substitutions, including the consideration to be paid and received, are reasonable and fair and do not involve overreaching on the part of any person concerned. Applicants also assert that the proposed substitutions by Hartford are consistent with the policies of: (a) Pegasus Trust and its Bond Fund, Growth and Value Fund, Mid Cap Opportunity Fund, Growth Fund and Intrinsic Value Fund; and (b) One Group Trust and of its Bond Fund, Diversified Equity Portfolio, Diversified Mid Cap Portfolio, Large Cap Growth Portfolio and Mid Cap Value Portfolio, as recited in the current registration statement and reports filed by each under the Act. Finally, Applicants assert that the proposed substitutions are consistent with the general purposes of the Act.

13. The proposed transactions will be effected at the respective net asset value. The proposed transactions will not change the amount of any Contract owner's Contract or cash value or death benefit or in the dollar value of his or her investment in either of the Accounts. Applicants also state that the transactions will conform substantially with the conditions enumerated in Rule 17a-7. Applicants assert that to the extent that the proposed transactions do not comply fully with the all of the conditions of Rule 17a-7 and each Trust's procedures thereunder, the circumstances surrounding the proposed substitutions will be such as to offer the same degree of protection to each Fund of Pegasus Trust and the affected Funds of One Group Trust from overreaching that Rule 17a-7 provides to them generally in connection with their purchase and sale of securities under that Rule in the ordinary course of their business.

14. Applicants assert that because of the circumstances surrounding the proposed Hartford substitutions, Pegasus Trust could not "dump" undesirable securities on One Group Trust or have their desirable securities transferred to other advisory clients of Banc One Investment Advisors or to Funds other than those in One Group Trust supporting the Accounts. Nor can Hartford (or any of its affiliates) effect the proposed transactions at a price that is disadvantageous to any Pegasus Trust Fund or One Group Trust Fund. Although the transactions may not be entirely for cash, each will be effected based upon; (a) the independent market price of the portfolio securities valued as specified in paragraph (b) of Rule 17a-7; and (b) the net asset value per share of each Fund involved valued in

accordance with the procedures disclosed in the respective Trust's registration statement and as required by Rule 22c-1 under the Act. Applicants assert that no brokerage commission, fee, or other remuneration will be paid to any party in connection with the proposed transactions. In addition, Applicants assert that the boards of trustees of each Trust will subsequently review the Substitutions and make the determinations required by paragraph (e)(3) of Rule 17a-7.

15. Applicants assert that the proposed transactions are consistent with the general purposes of the Act and that the proposed transactions do not present any of the conditions or abuses that the Act was designed to prevent.

Conclusion

Applicants assert that, for the reasons summarized above, the substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 99-4631 Filed 2-24-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-23699; File No. 812-11428]

Morgan Stanley Dean Witter Variable Investment Series; Notice of Application

February 18, 1999.

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

ACTION: Notice of application for an order under Section 17(b) of the Investment Company Act of 1940 ("1940 Act").

SUMMARY OF APPLICATION: Applicant seeks an order exempting it from the provisions of Section 17(a) of the 1940 Act to the extent necessary to permit the reorganization of Applicant's Capital Appreciation Portfolio ("Capital Appreciation") into Applicant's Equity Portfolio ("Equity") the "Reorganization").

APPLICANT: Morgan Stanley Dean Witter Variable Investment Series (the "Trust").

FILING DATE: The application was filed on December 9, 1998, and amended and restated on February 12, 1999.