

posted its draft guidelines on the OPIC Web Site, <http://www.opic.gov/generalopic/GuidelinesIntro.htm>.

This agency's information quality guidelines explain how such guidelines will ensure and maximize the quality, objectivity, utility, and integrity of information, including disseminated by OPIC. The guidelines also detail the administrative mechanisms that will allow affected persons to seek and obtain appropriate correction of information maintained and disseminated by OPIC that does not comply with the OMB or agency guidelines.

DATES: Comments on the draft guidelines should be received by September 6, 2002.

FOR FURTHER INFORMATION CONTACT: Mr. Dev Jagadesan, Department of Legal Affairs, Overseas Private Investment Corporation, 1100 New York Avenue, NW., Washington, DC 20527, e-mail: information_quality@opic.gov, (202) 336-8428.

Dated: August 12, 2002.

Connie M. Downs,

Corporate Secretary, Overseas Private Investment Corporation.

[FR Doc. 02-20805 Filed 8-15-02; 8:45 am]

BILLING CODE 3210-01-M

RAILROAD RETIREMENT BOARD

Actuarial Advisory Committee With Respect to the Railroad Retirement Account; Notice of Public Meeting

Notice is hereby given in accordance with Public Law 92-463 that the Actuarial Advisory Committee will hold a meeting on August 23, 2002, at 10 a.m. at the office of the Chief Actuary of the U.S. Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois, on the conduct of the 22nd Actuarial Valuation of the Railroad Retirement System. The agenda for this meeting will include a discussion of the assumptions to be used in the 22nd Actuarial Valuation. A report containing recommended assumptions and the experience on which the recommendations are based will have been sent by the Chief Actuary to the Committee before the meeting.

The meeting will be open to the public. Persons wishing to submit written statements or make oral presentations should address their communications or notices to the RRB Actuarial Advisory Committee, c/o Chief Actuary, U.S. Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092.

Dated: August 12, 2002.

Beatrice Ezerski,

Secretary to the Board.

[FR Doc. 02-20814 Filed 8-15-02; 8:45 am]

BILLING CODE 7905-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25698; File No. 812-12835]

The Equitable Life Assurance Society of the United States, *et al.*; Notice of Application

August 12, 2002.

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

ACTION: Notice of application for an order of approval pursuant to section 26(c) of the Investment Company Act of 1940 (the "1940 Act") and an order of exemption pursuant to section 17(b) of the 1940 Act from section 17(a) of the 1940 Act.

Applicants: For purposes of the order requested pursuant to Section 26(c), The Equitable Life Assurance Society of the United States ("Equitable"), Separate Account A of Equitable ("Separate Account A"), Separate Account FP of Equitable ("Separate Account FP"), Separate Account No. 45 of Equitable ("Separate Account 45") and Separate Account No. 301 of Equitable ("Separate Account 301") (collectively, the "Section 26 Applicants"). For purposes of the order pursuant to Section 17(b), Equitable, Separate Account A, Separate Account FP, Separate Account 45, Separate Account 301, Separate Account No. 66 of Equitable ("Separate Account 66") (the separate accounts are collectively referred to herein as the "Separate Accounts" and individually as a "Separate Account") and EQ Advisors Trust (the "Trust") (collectively with Equitable and the Separate Accounts, the "Section 17 Applicants;" together with the Section 26 Applicants, "Applicants").

Summary of Application: Applicants request an order (a) approving the proposed substitution by certain insurance company separate accounts of Class IA shares of the EQ/Balanced Portfolio for Class IA shares of the EQ/Alliance Growth Investors Portfolio and Class IB shares of the EQ/Balanced Portfolio for Class IB shares of the EQ/Alliance Growth Investors Portfolio (the "Substitution") and (b) to permit certain in-kind transactions in connection with the proposed Substitution. (The EQ/Balanced Portfolio is referred to herein as the "Replacement Portfolio." The EQ/Alliance Growth Investors Portfolio is

referred to herein as the "Removed Portfolio.")

Filing Date: The application was filed on May 30, 2002.

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 September 5, 2002 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, NW., Washington, DC 20549.

Applicants: c/o Peter D. Noris, Executive Vice President and Chief Investment Officer, The Equitable Life Assurance Society of the United States, 1290 Avenue of the Americas, New York, New York 10104, and Mark C. Amorosi, Esq., Kirkpatrick & Lockhart LLP, 1800 Massachusetts Avenue, NW., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Mark Cowan, Senior Counsel, or Zandra Bailes, 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 may be obtained for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549 (tel. (202) 942-8090).

Applicants' Representations

1. Equitable is a New York stock life insurance company that has been in business since 1859. Equitable is a wholly owned subsidiary of AXA Financial, Inc., which is a wholly owned subsidiary of the AXA Group, the holding company for an international group of insurance and related financial services companies.

2. Equitable serves as sponsor and depositor for each of the Separate Accounts. Separate Account A, Separate Account 45 and Separate Account 301 fund certain variable annuity contracts. Separate Account FP funds certain variable life insurance policies. Separate Account 66 funds group pension and profit-sharing plans under group

annuity contracts issued by Equitable. (The variable annuity contracts and variable life insurance policies funded by the Separate Accounts are collectively referred to herein as the "Contracts.")

3. Each Separate Account is a segregated asset account of Equitable and, with the exception of Separate Account 66, is registered with the Commission as a unit investment trust under the 1940 Act. Separate Account 66 is excluded from registration under the 1940 Act pursuant to Section 3(c)(11) of the 1940 Act. Separate Account 66 is not a Section 26 Applicant.

4. The Trust is organized as a Delaware business trust and registered as an open-end management investment company under the 1940 Act. The Trust is a series investment company and currently has 39 separate series (each a "Portfolio" and collectively, the "Portfolios"). Equitable currently serves as investment manager ("Manager") of each of the Portfolios. Both the Removed and Replacement Portfolios are series of the Trust. The Trust currently offers two classes of shares, Class IA and Class IB shares, which differ only in that Class IB shares are subject to a distribution plan adopted and administered pursuant to Rule 12b-1 under the 1940 Act. Under that distribution plan, up to 0.50% of the average daily net assets attributable to the Class IB shares of each Portfolio may be used to pay for distribution and shareholder services. The distributors for the Class IA and Class IB shares of each Portfolio are AXA Advisors, LLC ("AXA Advisors") and AXA Distributors, LLC ("AXA Distributors"). Under the Distribution Agreements with respect to the promotion, sale and servicing of shares of each Portfolio, payments to AXA Advisors and AXA Distributors, with respect to activities under the distribution plan, are currently limited to payments at an annual rate equal to 0.25% of the average daily net assets of each Portfolio (including the Removed and Replacement Portfolios) attributable to its Class IB shares.

5. The Manager has retained investment sub-advisers ("Advisers") to provide day-to-day investment advisory services for each of the 39 current Portfolios. The Trust has received an exemptive order from the Commission that permits the Manager, or any entity controlling, controlled by, or under common control (within the meaning of section 2(a)(9) of the 1940 Act) with the Manager, subject to certain conditions, including approval of the Board of Trustees of the Trust, and without the

approval of shareholders to: (a) Select new or additional Advisers for each Portfolio; (b) enter into new investment advisory agreements with Advisers ("Advisory Agreements") and/or materially modify the terms of any existing Advisory Agreement; (c) terminate any existing Adviser and replace the Adviser; and (d) continue the employment of an existing Adviser on the same contract terms where the Advisory Agreement has been assigned because of a change of control of the Adviser.

6. Equitable, on its own behalf and on behalf of the Separate Accounts, proposes to exercise its contractual right to substitute a different eligible investment fund for any of the current Portfolios offered as funding options under the Contracts. In particular, the Section 26 Applicants propose to substitute Class IA and Class IB shares of the Replacement Portfolio for Class IA and Class IB shares of the Removed Portfolio, respectively.

7. The Section 26 Applicants propose the Substitution as part of a continued and overall business plan by Equitable to make its Contracts more competitive and thus more attractive to existing Contract owners, and to prospective purchasers. The Substitution is also intended to simplify the prospectuses and related materials with respect to the Contracts and the investment options available through the Separate Accounts. Additionally, the Substitution will substitute shares of the Replacement Portfolio for shares of the Removed Portfolio, which has substantially similar investment objectives, policies and risks as the Replacement Portfolio. Furthermore, Equitable believes that the Substitution ultimately may enable it to reduce certain of the costs that it incurs in administering the Contracts by consolidating overlapping and duplicative Portfolios. Finally, the Substitution is designed to provide Contract owners with an opportunity to continue their investment in a substantially similar Portfolio without interruption and without any cost to them. In this regard, Equitable will bear all expenses incurred in connection with the Substitution and related filings and notices, including legal, accounting, brokerage and other fees and expenses. On the effective date of the Substitution ("Substitution Date"), the amount of any Contract owner's or participant's Contract value or the dollar value of a Contract owner's or participant's investment in the relevant Contract will not change as a result of the Substitution.

8. The Replacement Portfolio has substantially similar investment objectives, policies and risks as the Removed Portfolio. The investment objective of the Replacement Portfolio is to seek to achieve a high return through both appreciation of capital and current income. The investment objective of the Removed Portfolio is to seek to achieve the highest total return consistent with the Adviser's determination of reasonable risk. The Replacement Portfolio invests primarily in publicly-traded equity and debt securities and money market instruments depending on economic conditions, the general level of common stock prices, interest rates and other relevant considerations, including the risks associated with each investment medium. The Removed Portfolio, like the Replacement Portfolio, allocates varying portions of its assets to a number of asset classes. Each Portfolio's equity investments consist primarily of common stocks of large U.S. companies. The Replacement Portfolio's debt investments consist principally of investment grade bonds, notes and debentures. The Removed Portfolio's fixed income investments may include long and short-term debt securities, preferred stocks and dividend-paying common stocks. Each Portfolio may invest up to 20% of its assets in foreign securities.

9. The Replacement Portfolio's holdings, over time, are expected to average approximately 50% in fixed income securities and approximately 50% in equity securities. The Removed Portfolio's holdings, on average, are expected to be allocated 70% to equity securities and 30% to debt securities. However, actual asset mixes for each Portfolio are adjusted in response to economic and credit market cycles. The Replacement Portfolio employs multiple Advisers (including Alliance Capital Management, L.P. ("Alliance"), which is also the Adviser to the Removed Portfolio), each of whom is responsible for investing its Allocated Portion. Equitable expects that, in connection with the proposed Substitution, it will allocate the assets of the Removed Portfolio to the portions of the Replacement Portfolio that are advised by Alliance.

10. The principal risks of investing in the Replacement and Removed Portfolios are substantially similar in that the equity investments of each Portfolio consist primarily of securities of large capitalization U.S. companies, and the fixed income investments consist primarily of investment grade corporate securities. The primary risks associated with an investment in the Replacement Portfolio are asset

allocation risk, derivatives risk, equity risk, fixed income risk, foreign securities risk, leveraging risk, liquidity risk, multiple adviser risk, portfolio turnover risk, securities lending risk, small-cap and mid-cap company risk, and value investing risk. The primary risks associated with an investment in the Removed Portfolio are the same, with the minor differences that the Removed Portfolio also lists convertible securities risk and growth investing risk and does not list multiple adviser risk or small-cap and mid-cap company risk. Applicants believe that these do not represent significant differences between these Portfolios since, for example, the equity investments of each of these Portfolios consist primarily of securities of large capitalization U.S. companies and each has some small-cap and mid-cap company risk. Thus, Applicants believe that, after the proposed Substitution, a Contract owner or participant who allocated value to the Removed Portfolio would continue to have value allocated to a Replacement Portfolio with substantially similar investment objectives and policies, and would have assumed a substantially similar level of risk.

11. The charts below compare the advisory fees, total expenses and asset

sizes of the Class IA and Class IB shares of the Replacement Portfolio and the Removed Portfolio for the one year periods ended December 31, 2000 and 2001. The charts also show the *pro forma* expenses of the Replacement Portfolio assuming that the Substitution had been in effect for the year ended December 31, 2001. The management fee schedule for the Replacement Portfolio is identical to that of the Removed Portfolio. In addition, the management fee, as a percentage of net assets, of the Replacement Portfolio was identical to that of the Removed Portfolio for the year ended December 31, 2001, and was lower than that of the Removed Portfolio for the year ended December 31, 2000. The net total expense ratio of each class of shares of the Replacement Portfolio was slightly higher than that of the corresponding class of shares of the Removed Portfolio for the one year period ended December 31, 2001, but was lower for the year ended December 31, 2000. As discussed below, it is expected that each class of shares of the Replacement Portfolio will have a lower total expense ratio than the corresponding class of shares of the Removed Portfolio as a result of the Substitution. This is due to the

increased size of the Replacement Portfolio and a corresponding decrease in its management fee as a result of the Portfolio's assets exceeding higher breakpoints in its management fee schedule.

12. Applicants note that, as further set forth below, the Replacement Portfolio's assets have increased over the last two years, while the Removed Portfolio's assets have either remained stable (Class IB) or declined (Class IA) over that same time period. Applicants state that the proposed Substitution would replace the Removed Portfolio with the Replacement Portfolio, which will have a much larger asset size after the Substitution. Generally speaking, larger funds tend to have lower expenses than comparable funds that are smaller. This is because, with a larger asset size, fixed fund expenses are spread over a larger base, lowering the expense ratios. Also, larger funds may have lower trading expenses, potentially resulting in higher returns. Applicants anticipate that the total expense ratio of each class of shares of the Replacement Portfolio will be lower than that of the corresponding class of shares of the Removed Portfolio as a result of the Substitution, as set forth in the following charts.

	Replacement portfolio EQ/balanced portfolio (Class IA)		Removed portfolio EQ/growth investors portfolio (Class IA)		Combined portfolio (Pro forma)—
	One year period ended 12/31/2000	One year period ended 12/31/2001	One year period ended 12/31/2001	One year period ended 12/31/2001	One year period ended 12/31/2001
Net assets (in billions)	\$1.9	\$2.1	\$2.3	\$1.8	\$3.9
Management fee ¹ (in percent)	0.52	0.57	0.54	0.57	0.55
Rule 12b-1 fee (in percent)	NA	NA	NA	NA	NA
Other expenses (in percent)	0.07	0.08	0.06	0.06	0.06
Total expenses (in percent)	0.59	0.65	0.60	0.63	0.61

¹ The management fee for the Replacement Portfolio on an annual basis is equal to 0.600% of the first \$1 billion; 0.550% of the next \$1 billion; 0.525% of the next \$3 billion; 0.500% of the next \$5 billion; and 0.475% thereafter. The management fee schedule for the Removed Portfolio is the same.

	Replacement portfolio EQ/balanced portfolio (Class IB)		Removed portfolio EQ/growth investors portfolio (Class IB)		Combined portfolio (Pro forma)—
	One year period ended 12/31/2000	One year period ended 12/31/2001	One year period ended 12/31/2001	One year period ended 12/31/2001	One year period ended 12/31/2001
Net assets (in millions)	\$41	\$359	\$326	\$325	\$684
Management fee (in percent)	0.52	0.57	0.54	0.57	0.55
Rule 12b-1 fee (in percent)	0.25	0.25	0.25	0.25	0.25
Other expenses (in percent)	0.07	0.08	0.06	0.06	0.06
Total expenses (in percent)	0.84	0.90	0.85	0.88	0.86

13. In connection with the Substitution, the Section 26 Applicants will file with the Commission prospectuses and prospectus supplements that notify Contract owners and participants of Equitable's

intention to substitute the Replacement Portfolio for the Removed Portfolio. The prospectuses and prospectus supplements, as appropriate, also will describe the Substitution, the Replacement and Removed Portfolio

and the impact of the Substitution on fees and expenses at the underlying fund level. The Section 26 Applicants will send the appropriate prospectus or prospectus supplement, as appropriate, containing this disclosure to all existing

and new Contract owners and participants.

14. At or after the time the Commission approves the Application, the Section 26 Applicants will send to existing Contract owners and participants a supplement to the relevant Contract prospectus that discloses to such Contract owners and participants that the Application has been approved. Together with this disclosure, the Section 26 Applicants will send to any of those existing Contract owners and participants who have not previously received a prospectus for the Replacement Portfolio a prospectus and/or prospectus supplement for the Replacement Portfolio. New purchasers of Contracts will be provided with a Contract prospectus and/or supplement containing disclosure that the Commission has issued an order approving the Substitution, as well as a prospectus for the Replacement Portfolio. The Contract prospectus and/or supplement and the prospectus and/or prospectus supplement for the Trust, including the Replacement Portfolio, will be delivered to purchasers of new Contracts in accordance with all applicable legal requirements.

15. Contract owners and participants will be sent a notice of the Substitution before the Substitution Date. The notice will inform Contract owners and participants that the Substitution will be effected on the Substitution Date and that they may transfer assets from the Removed Portfolio (or from the Replacement Portfolio following the Substitution Date) to another investment option available under their Contract without the imposition of any applicable transfer charges, limitations, fees, or other penalties that might otherwise be imposed for a period beginning thirty (30) days before the Substitution Date and ending no earlier than thirty (30) days following the Substitution Date and such transfers will not count against the limit, if any, on the number of free transfers permitted under the Contracts. Within five days after the Substitution Date, Equitable will mail: (a) A written notice to all Contract owners and participants affected by the Substitution informing them that the Substitution was completed and restating that they may transfer assets from the Replacement Portfolio to another investment option available under their Contract free of any applicable transfer charges, limitations, fees, or other penalties that might otherwise be imposed through a date at least thirty (30) days following the Substitution Date and such transfers will not count against the limit, if any,

on the number of free transfers permitted under the Contracts; and (b) a confirmation of the transactions.

16. The Substitution will be effected by redeeming shares of the Removed Portfolio in-kind on the Substitution Date at their net asset value and using the proceeds of those in-kind redemptions to purchase shares of the Replacement Portfolio at their net asset value on the same date ("In-Kind Transactions"). The In-Kind Transactions will be done in a manner consistent with the investment objectives, policies and diversification requirements of the Replacement Portfolio and the Removed Portfolio. Equitable, in consultation with the Replacement Portfolio's Adviser, will review the In-Kind Transactions to ensure that the assets are suitable for the Replacement Portfolio. All assets and liabilities will be valued based on the normal valuation procedures of the Removed Portfolio and the Replacement Portfolio, as set forth in the Trust's registration statement.

17. No transfer or similar charges will be imposed by the Section 26 Applicants and, on the Substitution Date, all Contract values will remain unchanged and fully invested. Contract owners and participants will not incur any fees or charges as a result of the proposed Substitution, nor will their rights or Equitable's obligations under the Contracts be altered in any way. All expenses in connection with the proposed Substitution, including any brokerage, legal, accounting, and other fees and expenses will be paid by Equitable. The proposed Substitution will not impose any tax liability on Contract owners or participants or cause the Contract charges currently being paid by Contract owners and participants to be greater after the proposed Substitution than before the proposed Substitution. All Contract-level fees will remain the same after the proposed Substitution. The proposed Substitution will not alter in any way the benefits, including tax benefits to Contract owners and participants, or Equitable's obligations under the Contracts. In addition, the proposed Substitution will not be treated as a transfer for purposes of assessing transfer charges or computing the number of permissible transfers under the Contracts.

18. The Section 26 Applicants request that the Commission issue an order pursuant to Section 26(c) of the 1940 Act approving the substitution of: (i) Class IA shares of the EQ/Balanced Portfolio for Class IA shares of the EQ/Alliance Growth Investors Portfolio; and (ii) Class IB shares of the EQ/Balanced

Portfolio for Class IB shares of the EQ/Alliance Growth Investors Portfolio. The Section 17 Applicants request that the Commission issue an order pursuant to Section 17(b) of the 1940 Act granting an exemption from Section 17(b) to the extent necessary to permit the In-Kind Transactions.

Applicable Law

Section 26(c) of the 1940 Act

1. Section 26(c) of the 1940 Act prohibits the depositor of a registered unit investment trust that invests in the securities of a single issuer from substituting the securities of another issuer without Commission approval. Section 26(c) provides that "[t]he 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 represent that the proposed Substitution involves a substitution of securities within the meaning of Section 26(c) of the 1940 Act. The Applicants, therefore, request an order from the Commission pursuant to Section 26(c) approving the proposed Substitution.

3. Applicants state that Equitable has reserved the right under the Contracts to substitute shares of another eligible investment fund for any of the current Portfolios offered as funding options under the Contracts. Applicants represent that the prospectuses for the Contracts and the Separate Accounts contain appropriate disclosure of this right. The Section 26 Applicants have reserved this right of substitution both to protect themselves and their Contract owners in situations where either might be harmed or disadvantaged by events affecting the issuer of the securities held by a Separate Account and to preserve the opportunity to replace such shares in situations where a substitution could benefit Equitable and its Contract owners.

4. Applicants state that the Replacement Portfolio and the Removed Portfolio have substantially similar investment objectives, policies and risks. In addition, Applicants maintain that the proposed Substitution retains for Contract owners the investment flexibility that is a central feature of the Contracts, and any impact on the investment programs of affected Contract owners, including the appropriateness of the available investment options, should therefore be negligible.

5. Applicants also maintain that the ultimate effect of the Substitution would

be to consolidate overlapping and duplicative investment options in a single Portfolio. This consolidation will permit Equitable to present information to its Contract owners and participants in a simpler and more concise manner. The anticipated streamlining of the disclosure documents should provide Contract owners and participants with a simpler presentation of the available investment options under their Contracts and related financial information.

6. Thus, Applicants state that the Substitution protects the Contract owners and participants who have allocated Contract value to the Removed Portfolio by: (a) Providing an underlying investment option for sub-accounts invested in the Removed Portfolio that is substantially similar to the Removed Portfolio; (b) providing such Contract owners and participants with simpler and more focused disclosure documents; and (c) providing such Contract owners and participants with an investment option with an identical management fee and total expense ratio as the current investment option.

7. Applicants assert that the proposed Substitution is not of the type that Section 26(c) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute investment securities in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner and participant with the right to exercise his or her own judgment, and transfer Contract values and cash values into and among other investment options available to Contract owners and participants under their Contracts. Additionally, the Substitution will not, in any manner, reduce the nature or quality of the available investment options. Moreover, the Section 26 Applicants will offer Contract owners and participants the opportunity to transfer amounts out of the affected sub-accounts without any cost or other penalty that may otherwise have been imposed for a period beginning thirty (30) days before the Substitution Date and ending no earlier than thirty (30) days after the Substitution Date. Applicants conclude that the Substitution will not result in the type of costly forced redemption that Section 26(c) was designed to prevent.

8. Applicants assert that the proposed Substitution is also unlike the type of substitution that Section 26(c) was designed to prevent in that by purchasing a Contract, Contract owners and participants select much more than a particular underlying fund in which to invest their Contract values. They also

select the specific type of insurance coverage offered by the Section 26 Applicants under the applicable Contract, as well as numerous other rights and privileges set forth in the Contract. Contract owners also may have considered Equitable's size, financial condition, and its reputation for service in selecting their Contract. These factors will not change as a result of the proposed Substitution.

9. Applicants state that the significant terms of the proposed substitution are as follows:

a. The Replacement Portfolio has substantially similar investment objectives, policies and risks as the Removed Portfolio, providing Contract owners and participants with a means to continue their investment goals and risk expectations;

b. The total expense ratio for the Class IA and Class IB shares of the Replacement Portfolio will be equal to or less than that of the corresponding Class IA and Class IB shares of the Removed Portfolio, assuming that the assets of the Replacement Portfolio do not decrease significantly from the present asset level. In this regard, Equitable will waive its management fee with respect to the Replacement Portfolio and/or reimburse expenses incurred by the Replacement Portfolio during the twenty-four months following the Substitution to the extent necessary to ensure that the total expense ratios for any period (not to exceed a fiscal quarter) of the Class IA and Class IB shares of the Replacement Portfolio do not exceed 0.63% and 0.88%, respectively, of the Replacement Portfolio's average daily net assets (on an annualized basis);

c. Investments in the Replacement Portfolio may be temporary investments for Contract owners and participants as each Contract owner and participant may exercise his or her own judgment as to the most appropriate investment alternative available. In this regard, the proposed Substitution retains for Contract owners and participants the investment flexibility which is a central feature of the Contracts. Additionally, for a period beginning thirty (30) days before the Substitution Date, and ending no earlier than thirty (30) days after the Substitution, Contract owners and participants directly affected by the Substitution will be permitted to transfer value from the Replacement Portfolio or the Removed Portfolio to another investment option available under their Contract free of any otherwise applicable transfer charges, limitations, fees, or other penalties that might otherwise be imposed and such transfers will not count against the

limit, if any, on the number of free transfers permitted under the Contracts;

d. The Substitution will be effected at the relative net asset values of the shares of the Removed Portfolio and the Replacement Portfolio, without the imposition of any transfer or similar charge by the Section 26 Applicants, and with no change in the amount of any Contract owner's or participant's Contract value or in the dollar value of his or her investment in such Contract;

e. Contract owners and participants will not incur directly or indirectly related fees or charges as a result of the Substitution. Equitable will bear all expenses incurred in connection with the Substitution and related filings and notices, including legal, accounting, brokerage and other fees and expenses. The Substitution will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the Substitution than before the Substitution;

f. The Substitution will not be counted as a new investment selection in determining the limit, if any, on the total number of Portfolios that Contract owners and participants can select during the life of a Contract;

g. The Substitution will not alter or affect the insurance benefits or rights of Contract owners or participants or the terms and obligations of the Contracts;

h. Contract owners and participants would not incur any adverse tax consequences as a result of the Substitution;

i. Contract owners and participants affected by the Substitution will be sent written confirmation of the Substitution that identifies the Substitution made on behalf of the Contract owner or participant within five days following the Substitution;

j. For those Contract owners or participants who were Contract owners or participants on the date of the Substitution, Equitable will not increase sub-account or Contract expenses for a period of twenty-four months following the Substitution Date; and

k. Contract owners and participants may withdraw amounts under the Contract or terminate their interest in a Contract, under the conditions that currently exist, including payment of any applicable withdrawal or surrender charge.

Section 17(a) of the 1940 Act

1. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from knowingly selling any security or other property to that company. Section 17(a)(2) of the 1940

Act generally prohibits the same persons, acting as principals, from knowingly purchasing any security or other property from the registered investment company.

2. Section 17(b) of the 1940 Act provides that the Commission may, upon application, issue an order exempting any proposed transaction from Section 17(a) if: (a) The terms of the proposed transactions are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transactions are consistent with the policy of each registered investment company concerned; and (c) the proposed transactions are consistent with the general purposes of the 1940 Act.

3. The Section 17 Applicants request an order pursuant to Section 17(b) of the 1940 Act exempting them from the provisions of Section 17(a) to the extent necessary to permit them to carry out the In-Kind Transactions.

4. The Section 17 Applicants submit that the terms of the proposed In-Kind Transactions, 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 state that the In-Kind Transactions will be effected at the respective net asset values of the Removed Portfolio and the Replacement Portfolio, as determined in accordance with the procedures disclosed in the registration statement for the Trust and as required by Rule 22c-1 under the 1940 Act. Applicants further state that the In-Kind Transactions will not change the dollar value of any Contract owner's or participant's investment in any of the Separate Accounts, the value of any Contract, the accumulation value or other value credited to any Contract, or the death benefit payable under any Contract. After the proposed In-Kind Transactions, the value of a Separate Account's investment in the Replacement Portfolio will equal the value of its investments in the Removed Portfolio (together with the value of any pre-existing investments in the Replacement Portfolio) before the In-Kind Transactions.

5. Applicants state that the Section 17 Applicants will assure themselves that the In-Kind Transactions will be in substantial compliance with the conditions of Rule 17a-7. To the extent that the In-Kind Transactions do not comply fully with the provisions of paragraphs (a) and (b) of Rule 17a-7, the Section 17 Applicants assert that the terms of the In-Kind Transactions provide the same degree of protection to the participating companies and their

shareholders as if the In-Kind Transactions satisfied all of the conditions enumerated in Rule 17a-7. The Section 17 Applicants also assert that the proposed In-Kind Transactions by the Section 17 Applicants do not involve overreaching on the part of any person concerned. Furthermore, the Section 17 Applicants represent that the proposed Substitution will be consistent with the policies of the Removed Portfolio and the Replacement Portfolio, as recited in the Trust's current registration statement.

6. Applicants also assert that the proposed In-Kind Transactions are consistent with the general purposes of the 1940 Act and that the proposed In-Kind Transactions do not present any conditions or abuses that the 1940 Act was designed to prevent.

Conclusion

For the reasons set forth in the Application, the Section 26 Applicants and the Section 17 Applicants each respectively state that the proposed Substitution and the related In-Kind Transactions meet the standards of Section 26(c) of the 1940 Act and Section 17(b) of the 1940 Act, respectively, and respectfully request that the Commission issue an order of approval pursuant to Section 26(c) of the 1940 Act and Section 17(b) of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-20854 Filed 8-15-02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46335; File No. SR-OCC-2002-07]

Self-Regulatory Organizations; the Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating To Clearing Security Futures Transactions and Arrangements With Associated Clearinghouses

August 9, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 9, 2002, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission"), and on August 9, 2002, amended, the proposed rule change as described in Items I, II, and III below,

which items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would amend OCC Rule 1303 to provide that OCC may agree with an associate clearinghouse to open one or more omnibus accounts to enable its clearing members to clear trades in futures, which include security futures, and futures options, through the facilities of OCC. In addition, the proposed rule change requests approval of OCC's agreements with OneChicago, LLC ("OCX") and the Chicago Mercantile Exchange ("CME") with respect to clearing security futures transactions.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Under OCC's Rule 1303, OCC may open one or more omnibus accounts with an associate clearinghouse ("ACH") for the purposes of enabling the ACH's clearing members that are not OCC clearing members to clear transactions in security futures through the ACH rather than directly through OCC. Affiliates of OCC clearing members are permitted to clear transactions in security futures through the ACH through January 1, 2003. The principal purpose of the proposed rule change is to extend this same accommodation to OCC clearing members and to provide that the initial period during which either OCC clearing members or their affiliates may clear through an ACH will end one year from the date when general trading in security futures commences rather than on a specified date. OCC also seeks

² The Commission has modified parts of these statements.

¹ 15 U.S.C. 78s(b)(1).