

and received for these shares by any other shareholder.

10. Section 17(d) and rule 17d-1 prohibit an affiliated person of a registered investment company, acting as principal, from participating in any joint arrangement with the investment company unless the SEC has issued an order authorizing the arrangement. In determining whether to grant an exemption under rule 17d-1, the SEC considers whether the investment company's participation in the joint enterprise is consistent with the provisions, policies and purposes of the Act, and the extent to which such participation is on a basis different from, or less advantageous than, that of other participants. Applicants state that each Investment Fund, by purchasing shares of the Money Market Funds, each Investment Adviser, by managing the assets of the Investing Funds, and each of the Money Market Funds, by selling shares to the Investing Funds, could be deemed to be participants in a joint enterprise. Applicants assert that investments by the Investing Funds in shares of the Money Market Funds will be on the same basis and will be indistinguishable from that of any other participant or shareholder and that the transactions will be consistent with the Act. In addition, applicants state that the proposed transactions may result in cost savings for the Investing Funds.

Applicants' Conditions

Applicants agree that the order granting the requested relief will be subject to the following conditions:

1. Shares of the Money Market Funds sold to and redeemed from the Investing Funds will not be subject to a sales load, redemption fee, distribution fee under a plan adopted in accordance with rule 12b-1, or service fee (as defined in rule 2830(b)(9) of the National Association of Securities Dealer's Rules of Conduct).

2. No Money Market Fund will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1) of the Act.

3. Each of the Investing Funds will be permitted to invest Uninvested Cash in, and hold shares of, a Money Market Fund only to the extent that the Investing Fund's aggregate investment in all Money Market Funds taken as a group does not exceed 25% of the Investing Fund's total assets.

4. Each Fund shall be advised by U.S. Bank or a person controlling, controlled by, or under common control with U.S. Bank.

5. Investment by an Investing Fund in shares of a Money Market Fund will be consistent with each Investing Fund's

respective investment restrictions and policies as set forth in its prospectuses and statements of additional information.

6. The applicants will cause the Investment Advisers, in their capacities as advisers for the Money Market Funds, to remit to the respective Investing Fund, or waive, an amount equal to all investment advisory fees received by them under their respective advisory agreements with the Money Market Funds to the extent such fees are based upon the Investing Fund's assets invested in shares of the Money Market Funds. Any of these fees remitted or waived will not be subject to recoupment by the Funds' Investment Advisers at a later date.

7. FASF may continue to rely on the Funds of Funds Order, subject to compliance with the conditions it contains, except for conditions 3 and 6, which are deleted. Condition 2 to the Fund of Funds Order is amended to read as follows: "No Underlying Portfolio will acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent that the Underlying Portfolio other than a Money Market Fund acquires securities of another investment company under exemptive relief from the Commission permitting the Underlying Portfolio to purchase securities of an affiliated money market fund for short-term cash management purposes."

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-31619 Filed 12-2-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22906; File No. 812-10752]

Fortis Benefits Insurance Company, et al.; Notice of Application

November 24, 1997.

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

ACTION: Notice of Application for an order pursuant to Section 26(b) of the Investment Company Act of 1940 (the "1940 Act").

SUMMARY OF APPLICATION: Applicants seek an order approving the substitution of shares of the Limited Maturity Bond Portfolio of the Neuberger & Berman Advisers Management Trust ("N & B

Bond Portfolio") for shares of the Strong Advantage Fund II series ("Strong Advantage Portfolio") of the Strong Variable Insurance Funds, Inc. ("Strong Funds") and the substitution of shares of the Federated Fund for U.S.

Government Securities II portfolio of Federated Insurance Series ("Federated Government Portfolio") for shares of the Strong Government Securities Fund II series of the Strong Funds ("Strong Government Portfolio").

Applicants: Fortis Benefits Insurance Company ("Fortis Benefits") and Variable Account D of Fortis Benefits Insurance Company (the "Variable Account").

Filing Date: The application was filed on August 11, 1997, and amended on October 31, 1997.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing on this application by writing to the Secretary of the SEC and serving Applicants with a copy of the request, in person or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on December 19, 1997, and accompanied by proof of service on the Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 500 Bielenberg Drive, Woodbury, Minnesota 55125.

FOR FURTHER INFORMATION CONTACT: Susan M. Olson, Attorney, or Kevin M. Kirchoff, Branch Chief, 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 Public Reference Branch of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

Applicants' Representations

1. Fortis Benefits, a stock life insurance company organized under the laws of Minnesota, is qualified to sell life insurance contracts in the District of Columbia and all states except New York. Fortis Benefits is an indirect wholly-owned subsidiary of Fortis, Inc., which is owned, indirectly, 50% by Fortis AMEV and 50% by Fortis AG. Fortis AMEV is a diversified financial

services company headquartered in Utrecht, the Netherlands. Fortis AG is a diversified financial services company headquartered in Brussels, Belgium. Fortis AMEV and Fortis AG have merged their operating companies under the trade name of Fortis. Fortis Benefits is the depositor and sponsor of the Variable Account.

2. The Variable Account is a segregated investment account of Fortis Benefits and was established under the insurance laws of Minnesota. The Variable Account is registered with the Commission as a unit investment trust under the 1940 Act. The Variable Account issues flexible premium deferred combination variable and fixed annuity contracts on either a group basis or as individual contracts ("Contracts", and owners of which are referred to as "Holders"). Interests in the Variable Account are offered through the sale of the Contracts and are registered under the Securities Act of 1933 ("1933 Act"). The Contracts are structured to allow Holders to elect an interest accumulation option through a fixed account (the "Fixed Account") or a variable return accumulation option through the Variable Account, or a combination of these two options.

3. The Variable Account is divided into subaccounts ("Subaccounts"). Assets held in each Subaccount pursuant to the Contracts are invested exclusively in one of the funds or portfolios available for investment. The portfolios are registered investment companies available for purchase only as a funding vehicle for variable life insurance and variable annuities issued by Fortis Benefits and other insurance companies (the "Portfolios"). For Holders who were issued Contracts on or after December 1, 1996, there are 22 Subaccounts available for investment. The Strong Advantage Portfolio and the Strong Government Portfolio are not available for investment to Holders issued Contracts on or after December 1, 1996. For Holders issued Contracts before December 1, 1996, there are 30 Subaccounts available for investment, including the Strong Advantage Portfolio and the Strong Government Portfolio.

4. Strong Funds is registered under the 1940 Act as a diversified, open-end management investment company and currently issues seven series of shares, each of which is a separate open-end diversified investment management company. Each series of the Strong Funds is managed by Strong Capital Management.

5. Neuberger & Berman Advisers Management Trust is registered under the 1940 Act as a diversified, open-end

management investment company and currently is comprised of seven portfolios, each of which is a separate open-end diversified management investment company. Each portfolio invests all of its net assets in its corresponding series of Advisers Managers Trust, an open end management investment company, in each case receiving a beneficial interest in that series. The corresponding series for the N & B Bond Portfolio is AMT Limited Maturity Bond Investment. AMT Limited Maturity Bond Investments invests in securities in accordance with an investment objective, policies and limitations identical to those of the N & B Bond Portfolio. The investment performance of the N & B Bond Portfolio will directly correspond with the investment performance of AMT Limited Maturity Bond Investments. This master/feeder fund structure is different from that of many investment companies which directly acquire and manage their own portfolio of securities. AMT Limited Maturity Bond Investment is managed by Neuberger & Berman Management Incorporated.

6. Federated Insurance Series is registered under the 1940 Act as a diversified management investment company. The Federated Government Portfolio is a diversified investment portfolio of the Federated Insurance Series.

7. Applicants are seeking to substitute shares of the N & B Bond Portfolio for shares of the Strong Advantage Portfolio and to substitute shares of the Federated Government Portfolio for shares of the Strong Government Portfolio.

8. Applicants represent that as of June 30, 1997, the assets attributable to Holders of the Subaccounts holding shares of the Strong Advantage Portfolio and the Strong Government Portfolio were relatively small, \$152,580 and \$96,408, respectively.

9. Applicants represent that as of June 30, 1997, the total net asset value of the Strong Advantage Portfolio and Strong Government Portfolio were relatively small, \$192,723 and \$96,453, respectively.

10. Applicants represent that there has been a decrease in net asset value during 1997, as of June 30, 1997. From December 31, 1996 to June 30, 1997, the Strong Advantage Portfolio has decreased in size from \$587,615 to \$192,723 and the Strong Government Portfolio has decreased from \$199,328 to \$96,453.

11. The investment objective of the Strong Advantage Portfolio is to seek current income with a very low degree of share price fluctuation, which is

pursued by investing in very short term, investment grade debt obligations. The investment objective of the Strong Government Portfolio is to seek total return by investing for a high level of current income with a moderate degree of share price fluctuation, which is pursued by normally investing at least 80% of total assets in U.S. government securities.

12. The investment objective of the N & B Bond Portfolio is to seek the highest current income consistent with low risk to principal and liquidity and secondarily, total return. The investment objective of the N & B Bond Portfolio is pursued by investing in a diversified portfolio of short to intermediate term U.S. government and agency securities and debt securities issued by financial institutions, corporations and others, primarily investment grade. The investment objective of the Federated Government Portfolio is to seek current income, which is pursued by normally investing at least 65% of total assets in securities issued or guaranteed as to payment of principal and interest by the U.S. government, its agencies or instrumentalities.

13. For several reasons, Applicants believe that it is not in the best interests of the Holders to continue to utilize the Strong Advantage Portfolio and Strong Government Portfolio (collectively, the "Replaced Portfolios") as investment options and further believe that the Applicants can better serve the interest of the Holders by utilizing investment alternative that may be better suited to their needs and interests.

14. Applicants represent that the proposed substitution of shares of the N & B Bond Portfolio for shares of the Strong Advantage Portfolio and the proposed substitution of shares of the Federated Government Portfolio for shares of the Strong Government Portfolio involve the substitution of Portfolios whose objectives, policies and restrictions are sufficiently similar to those of the Replaced Portfolios so as to continue fulfilling Holders' objectives and risk expectations.

15. Applicants represent that the performance of each Portfolio in which Holders will be invested following the proposed substitution is comparable or superior to the investment performance of the replaced Portfolios. The following chart sets forth the comparative average annual total returns for the periods listed below for the Replaced Portfolios and the N & B Bond Portfolio and the Federated Government Portfolio.

AVERAGE ANNUAL TOTAL RETURN FOR SPECIFIED PERIODS
[In percent]

Portfolios	For 6 months, ending 6/30/97	For year ending 12/30/96	For five years, ending 12/30/96	Since inception** through 12/30/96
Strong Advantage Portfolio	*2.30	4.92	N/A	5.24
N & B Bond Portfolio	*2.96	4.31	5.32	N/A
Strong Government Portfolio	*2.60	N/A	N/A	-0.41
Federated Government Portfolio	*3.01	4.20	N/A	5.62

* Not Annualized.

** Strong Advantage Portfolio, inception date 11/30/95. Strong Government Portfolio, inception date 1/31/96. Federated Government Portfolio, inception date 3/28/94.

16. Applicants represent that the ratio of expenses to net assets for the Subaccounts in which Holders will be invested after the substitution will be no greater than the ratio of expenses to net assets, after reimbursements and waivers, for the Subaccounts proposed to be eliminated. Therefore Holders will not be exposed to higher expenses following the substitution. The investment advisers to the Strong Advantage Portfolio, the Strong Government Portfolio and the Federated Government Portfolio have arrangements under which each may voluntarily waive a portion of their fees or reimburse the Portfolios for certain operating expenses. The investment adviser to the N & B Bond Portfolio has contractually agreed, subject to termination on 60 days prior written notice, to limit certain of the N & B Bond Portfolio's operating expenses by reimbursing certain expenses that exceed 1% of the average daily net asset value of the N & B Bond Portfolio. The following chart summarizes the ratio of expenses to net assets for the Portfolios for the year ended December 31, 1996 before and after reimbursements and waivers.

RATIO OF EXPENSES TO NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 1996

[In percent]

Portfolio	Total expenses after reimbursements and waivers	Total expenses before reimbursements and waivers
Strong Advantage Portfolio	2.00	2.87
N & B Bond Portfolio	0.78	0.78
Strong Government Portfolio	*1.70	*3.90
Federated Government Portfolio	0.80	1.81

* Calculated on an annualized basis (commenced operations on January 31, 1996).

17. Applicant states that the small amount of assets attributable to Holders of the Subaccounts holding shares of the Replaced Portfolios, the relatively small total net asset values of the Replaced Portfolios, the relatively small overall size of the Replaced Portfolios with the decrease in net asset value during the first 6 months of 1997 and the fact that the Replaced Portfolios are not available as investment options to Holders of Contracts issued after December 1, 1996, will tend to strain the ability of the Replaced Portfolios to maintain an acceptable expense ratio compared to the larger N & B Bond Portfolio and the Federated Government Portfolio (collectively, the "Substitute Portfolios"). Accordingly, the proposed substitution is expected to confer economic benefits to Holders by virtue of the enhanced asset size and the reduced expense ratios of the Substitute Portfolios.

18. The comparative total net assets as of June 30, 1997 were \$252,284,067 for the N & B Bond Portfolio, compared to \$192,723 for the Strong Advantage Portfolio, and \$44,369,652 for the Federated Government Portfolio, compared to \$96,453 for the Strong Government Portfolio.

19. Applicants state that since the N & B Bond Portfolio and the Federated Government Portfolio are available for investment under the Contracts, all of the affected Holders have received a current prospectus relating to the N & B Bond Portfolio and the Federated Government Portfolio.

20. Applicants state that notice will be sent to Holders 30 days prior to the proposed substitution which informs them that Fortis Benefits has filed an application for an order allowing Applicants to undertake the substitution described in their application and that they may elect at any time prior to the close of business on the closing date of the transactions to transfer their interest in either or both of the two current Subaccounts to any other Subaccount or to the Fixed Account, without charge.

The notice will also inform Holders of the approximate date of the substitution. Once the substitution is completed, a confirmation will be mailed to the Holders reflecting the transfer of the Contract value from the Subaccount investing in the Strong Advantage Portfolio to the Subaccount investing in the N & B Bond Portfolio and/or the transfer of Contract value from the Subaccount investing in the Strong Government Portfolio to the Subaccount investing in the Federated Government Portfolio. The confirmation will be sent within 5 days of the substitution.

21. Applicants represent that the substitution will be effected by redeeming all shares held by the Variable Account in the Strong Advantage Portfolio and the Strong Government Portfolio and an equivalent purchase of shares in the N & B Bond Portfolio and the Federated Government Portfolio, respectively, at net asset value on the same date. The values under each Contract will be identical immediately before and after the transactions. All administrative and other costs of the transactions will be borne by Fortis Benefits. There will be no tax consequences to Holders and no adverse tax consequences to the Variable Account or Fortis Benefits relating to the transactions. The proposed substitution will not be counted as a transfer for the purpose of any restrictions on the number of transfers that may now or in the future apply to Holders. The proposed substitution will not alter the insurance benefits or other rights or benefits of Holders or the contractual obligations of Fortis Benefits.

Applicants' Legal Analysis

1. Section 26(b) 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) of the 1940

Act also provides that the Commission shall issue an order approving such substitution if the evidence establishes that the substitution is consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the 1940 Act.

2. Applicants request an order pursuant to Section 26(b) of the 1940 Act approving the substitution of the Replaced Portfolios with the Substitute Portfolios.

3. The Contracts provide that Fortis Benefits retains the right to make certain changes, if, in its judgment, they would best serve the interests of the Holders or would be appropriate in carrying out the purposes of the Contracts. Examples of the changes Fortis Benefits may make are to transfer assets in any Subaccount to another Subaccount, or to one or more separate accounts, or to add, combine or remove Subaccounts in the Variable Account or to substitute, for the Portfolio shares held in any Subaccount, the shares of another Portfolio or the shares of another investment company or any other investment permitted by law.

4. Applicants submit that the proposed substitution will meet the requirements of Section 26(b) for the following reasons:

(a) The investment objectives of the Replaced Portfolios are sufficiently similar to those of the Substitute Portfolios, respectively, to be appropriate for substitution.

(b) The investment performance of the Substitute Portfolios is comparable or superior to the investment performance of the Replaced Funds.

(c) The comparative ratio of expenses to net assets (following reimbursement) for the Substitute Portfolios will be no greater than that of the Replaced Portfolios.

(d) The proposed substitution will result in the investment of assets, currently in Portfolios which have not increased to a level which would make each investment alternative viable for Holders, into substantially larger and more stable underlying Portfolios.

Conclusion

For the reasons stated above, Applicants submit that the proposed substitution is consistent with the protection of investors and the purposes fairly intended by the policy and the provisions of the 1940 Act.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 97-31622 Filed 12-2-97; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26785]

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

November 25, 1997.

Notice is hereby given that the following filing(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 December 18, 1997, 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 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.

Central and South West Corporation, et al.

[70-9113]

Central and South West Corporation ("CSW"), a registered holding company, 1616 Woodall Rodgers Freeway, Dallas, Texas 75202, and its wholly-owned service company subsidiary, Central and South West Services, Inc. ("CSW Services"), 212 East 6th Street, Tulsa, Oklahoma 74119, have filed an application-declaration under sections 6(a), 7, 9(a), 10, 12(c) and 13(b) of the Act and rules 42, 54 and 87-91 thereunder.

CSW owns all of the outstanding shares of common stock of four public utility subsidiaries (collectively, "Operating Companies"): Central Power and Light Company, Public Service Company of Oklahoma, Southwestern Electric Power Company, and West

Texas Utilities Company. Together, these Operating Companies provide electric service to approximately 1.7 million customers in a widely diversified area covering 152,000 square miles in portions of Arkansas, Louisiana, Oklahoma and Texas.¹

CSW requests authorization to adopt and implement a stockholder rights plan ("Rights Plan") under which CSW's Board of Directors ("Board") would declare a dividend of one right ("Right") for each outstanding share of CSW Common Stock, par value \$3.50 per share ("Common Stock"), payable to stockholders of record on a date to be established ("Record Date").² The Rights will be created by and issued under a rights agreement ("Rights Agreement") to be entered into by CSW and CSW Services, as Rights Agent.³ The Rights created under the proposed Rights Agreement would entitle the holders to purchase one-tenth of a share of Common Stock at a price of \$50 per whole share of Common Stock, subject to adjustment ("Purchase Price").⁴ This is equivalent to \$5 per one-tenth of one share of Common Stock. CSW states that

¹ CSW also has numerous nonutility subsidiaries, including CSW Energy, Inc., which develops and operates independent power and cogeneration projects; CSW International, Inc., which pursues investments in energy ventures internationally, and which, indirectly, owns all the outstanding share capital of SEBOARD p.l.c., one of 12 regional electricity companies in the United Kingdom; CSW Credit, Inc., which purchases the accounts receivable of the Operating Companies and certain non-affiliated electric utilities; CSW Communications, Inc., which provides communication services to the Operating Companies and certain non-affiliates; CSW Leasing, Inc., which invests in leveraged leases; EnerShop, Inc., which provides energy management services; and CSW Services, which performs, at cost, various accounting, engineering, tax, legal, financial electronic data processing, centralized economic dispatching of electric power and other services to CSW and its subsidiaries.

² As of June 30, 1997 there were 212,235,310 shares of Common Stock outstanding.

³ The services of CSW Services, as Rights Agent, will be provided at cost. CSW expects that such charges, if any, will be *de minimis*. As Rights Agent, CSW Services practically has no active duties unless the Rights become, if ever, exercisable, at which time the Rights Agent performs or causes to be performed services similar to a stock transfer agent. CSW Services is the transfer agent for the Common Stock.

⁴ The Purchase price payable, and the number of shares of Common Stock (or other securities or property, as the case may be) issuable upon exercise of the Rights are subject to adjustment from time to time to prevent dilution. Prior to the date on which the Rights become exercisable, the Board may make such equitable adjustments as it deems appropriate in the circumstances in lieu of any adjustment otherwise required by the foregoing. No adjustment in the Purchase Price will be required until the time at which cumulative adjustments require an adjustment of at least 1% in the Purchase Price. No fractional shares of Common Stock will be issued and, in lieu thereof, a cash payment will be made based on the market price of the Common Stock on the last trading day prior to the date of exercise.