

controlled group to submit identifying, financial, and actuarial information to the PBGC in certain circumstances.

Reporting is required (1) if the aggregate unfunded vested benefits of all defined benefit pension plans maintained by the controlled group exceed \$50 million, (2) if the controlled group maintains any plan with missed contributions (unless paid within a ten-day grace period), or (3) if the controlled group maintains any plan with funding waivers in excess of \$1 million and any portion is still outstanding (taking into account certain credit balances in the funding standard account). The PBGC's regulation on Annual Financial and Actuarial Information Reporting (29 CFR Part 4010) implements section 4010.

The regulation requires the controlled group to file certain identifying information, certain financial information, each plan's actuarial valuation report, certain participant information, and a determination of the amount of each plan's benefit liabilities. The information submitted under the regulation allows the PBGC (1) to detect and monitor financial problems with the contributing sponsors that maintain severely underfunded pension plans and their controlled group members and (2) to respond quickly when it learns that a controlled group with severely underfunded pension plans intends to engage in a transaction that may significantly reduce the assets available to pay plan liabilities.

The collection of information under the regulation has been approved by OMB under control number 1212-0049 through December 31, 1998. The PBGC intends to request that OMB extend its approval for another three years. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The PBGC estimates that an average of 60 controlled groups per year respond to this collection of information. The PBGC further estimates that the average annual burden of this collection of information is 9.2 hours and \$7,500 per controlled group, for a total burden of 552 hours and \$450,000.

The PBGC is soliciting public comments to—

- Evaluate whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the collection of information, including the validity of the methodology and assumptions used;

- Enhance the quality, utility, and clarity of the information to be collected; and

- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

Issued in Washington, D.C., this 5th day of August, 1998.

Stuart Sirkin,

Director, Corporate Policy and Research Department, Pension Benefit Guaranty Corporation.

[FR Doc. 98-21311 Filed 8-7-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-23371; File No. 812-11170]

Janus Aspen Series, et al.; Notice of Application

July 31, 1998.

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

ACTION: Notice of application for an order under Section 26(b) of the Investment Company Act of 1940 ("Act") approving the proposed substitution of securities.

SUMMARY OF APPLICATION: Applicants request an order approving the proposed substitution of shares of certain money market funds organized as portfolios of open-end management investment companies ("Money Market Funds") for the shares of Short-Term Bond Portfolio of Janus Aspen Series ("Short-Term Bond Portfolio") held by the Separate Accounts in connection with certain variable annuity contracts and variable life insurance policies (the "Contracts") issued by the Insurance Companies.

APPLICANTS: (1) Janus Aspen Series, (2) Annuity Investors Life Insurance Company, Kemper Investors Life Insurance Company, Southland Life Insurance Company, and Western Reserve Life Assurance Co. of Ohio (each an "Insurance Company," and collectively, the "Insurance Companies"), and (3) Annuity Investors Variable Account A, KILICO Variable Annuity Separate Account, Southland Separate Account L1, Southland Separate Account A1, and WRL Series Annuity Account B (each a "Separate Account," and collectively, the "Separate Accounts").

FILING DATES: The application was filed on June 11, 1998.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving Applicants with a copy of the request, in person or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 25, 1998, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants, Bonnie M. Howe, Esq., 100 Fillmore Street, Denver, Colorado 80206-4928.

FOR FURTHER INFORMATION CONTACT: Michael Koffler, Attorney, or Mark Amorosi, Branch Chief, Office of Insurance Products (Division of Investment Management), at (202) 942-0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application is available for a fee from the SEC's Public Reference Branch, 450 Fifth St., NW., Washington, DC 20549 (tel. (202) 942-8090).

Applicant's Representations

1. Janus Aspen Series ("JAS"), a Delaware business trust, is registered under the Act as an open-end management investment company (File No. 811-07736). JAS currently issues shares in twelve investment portfolios, including Short-Term Bond Portfolio. Each portfolio, including Short-Term Bond Portfolio, consists of two classes of shares. Both classes of shares of each portfolio are registered under the Securities Act of 1933 ("1933 Act") (File No. 33-63212). Institutional Shares are currently sold only to insurance company separate accounts as investment vehicles for variable life insurance policies and variable annuity contracts. Retirement Shares are offered to certain participant directed qualified retirement plans. The Separate Accounts of the Insurance Companies all invest in Institutional Shares of Short-Term Bond Portfolio.

2. Janus Capital Corporation ("Janus Capital") serves as investment adviser to each portfolio of JAS. The investment

objective of Short-Term Bond Portfolio is to seek as high a level of current income as is consistent with preservation of capital. The portfolio pursues its objective by investing primarily in short and intermediate term fixed-income securities. Under normal circumstances, it is expected that the portfolio's dollar-weighted portfolio effective maturity will not exceed three years.

3. Annuity Investors Life Insurance Company ("Annuity Investors") is a stock life insurance company and is principally engaged in the sale of fixed and variable annuity policies. Annuity Investors is a wholly-owned subsidiary of Great American Life Insurance Company which is a wholly-owned subsidiary of American Annuity Group, Inc., a publicly-traded insurance holding company. That company is, in turn, indirectly controlled by American Financial Group, Inc., a publicly-traded holding company.

4. Kemper Investors Life Insurance Company ("Kemper Investors") is a stock life insurance company that offers life insurance and annuity products. Kemper Investors is a wholly-owned subsidiary of Kemper Corporation, a non-operating holding company. Kemper Corporation is a wholly-owned subsidiary of Zurich Holding Company of America, which is a wholly-owned subsidiary of Zurich Insurance Company.

5. Southland Life Insurance Company ("Southland Life") is a stock life insurance company that offers variable life insurance policies and variable annuity contracts. Southland Life is a wholly-owned indirect subsidiary of ING Group, a publicly traded Netherlands corporation.

6. Western Reserve Life Assurance Co. of Ohio ("Western Reserve") is a stock life insurance company and is engaged in the business of writing life insurance policies and unity contracts. Western Reserve is wholly-owned by First AUSA Life Insurance Company, a stock life insurance company which is wholly-owned by AEGON USA, Inc. ("AEGON USA"), a financial services holding company. AEGON USA is a wholly-owned indirect subsidiary of AEGON nv, a Netherlands corporation, which is a publicly traded international insurance group.

7. Annuity Investors Variable Account A is a separate account established by Annuity Investors to support individual and group variable annuity contracts including certain Contracts ("Annuity Investors Contracts"). The Annuity Investors Contracts currently permit allocations of purchase payments and transfers of Contract values between and

among 17 sub-accounts corresponding to different investment companies or portfolios thereof (excluding Short-Term Bond Portfolio). Short-Term Bond Portfolio was eliminated as an option for new Contract owners and new allocations under existing Contracts on May 1, 1997. Annuity Investors Variable Account A is registered as a unit investment trust under the Act (File No. 811-07299) and the Annuity Investors Contracts are registered as securities under the 1933 Act (File Nos. 33-59861 and 33-65409).

8. KILICO Variable Annuity Separate Account is a separate account established by Kemper Investors to support variable annuity contracts, including certain Contracts ("Kemper VA Contracts"). The Kemper VA Contracts currently permit allocations of purchase payments and transfers of Contract values between and among 25 sub-accounts corresponding to different investment companies or portfolios thereof (excluding Short-Term Bond Portfolio). Short-Term Bond Portfolio is no longer an allocation option under Kemper VA Contracts issued after May 1, 1998. KILICO Variable Annuity Separate Account is registered as a unit investment trust under the Act (File No. 811-3199) and interests in KILICO Variable Annuity Separate Account are registered as securities under the 1933 Act (File No. 2-72671).

9. Southland Separate Account L1 is a separate account established by Southland Life to support variable life insurance policies, including certain Contracts ("Southland VLI Contracts"). The Southland VLI Contracts currently permit allocations of purchase payments and transfers of Contract values between and among 20 sub-accounts corresponding to different investment companies or portfolios thereof (excluding Short-Term Bond Portfolio). Short-Term Bond Portfolio is no longer an allocation option under Southland VLI Contracts issued after May 1, 1998. Southland Separate Account L1 is registered as a unit investment trust under the Act (File No. 811-9106) and interests in the Southland Separate Account L1 are registered as securities under the 1933 Act (File No. 33-97852).

10. Southland Separate Account A1 is a separate account established by Southland Life to support variable annuity contracts, including certain Contracts ("Southland VA Contracts"). Southland VA Contracts currently permit allocations of purchase payments and transfers of Contract values between and among 20 sub-accounts corresponding to different investment companies or portfolios thereof (excluding Short-Term Bond Portfolio).

Short-Term Bond Portfolio is no longer an allocation option under Southland VA Contracts issued after May 1, 1998. Southland Separate Account A1 is registered as a unit investment trust under the Act (File No. 811-8976) and interests in the Southland Separate Account A1 are registered as securities under the 1933 Act (File No. 33-89574).

11. WRL Series Annuity Account B is a separate account established by Western Reserve to support variable annuity contracts, including certain Contracts ("Western Reserve VA Contracts"). The Western Reserve VA Contracts currently permit allocation of purchase payments and transfers of Contract values among and between 11 sub-accounts corresponding to different portfolios of JAS (excluding Short-Term Bond Portfolio). Short-Term Bond Portfolio is no longer an allocation option under Western Reserve VA Contracts issued after May 1, 1998. WRL Series Annuity Account B is registered as a unit investment trust under the Act (File No. 811-7754) and interests in the WRL Series Annuity Account B are registered as securities under the 1933 Act (File No. 33-63246).

12. Janus Capital states that Short-Term Bond Portfolio has not grown to a size to allow it to operate efficiently and that the Short-Term Portfolio has not been a success with Contract owners. Furthermore, Janus Capital maintains that the introduction of Janus Aspen Money Market Portfolio on May 1, 1995, has eliminated the need for Short-Term Portfolio, which was originally designed as a short-term investment option for variable annuity contracts and variable life insurance policies using JAS as an investment vehicle.

13. On March 23, 1998, Janus Capital and JAS notified each Insurance Company by letter that Janus Capital and JAS intended to cease offering shares of Short-Term Bond Portfolio for inclusion as allocation options under the Contracts effective on or about May 1, 1998, and planned a liquidate Short-Term Portfolio as soon as possible thereafter. Applicants state that it was agreed that the most appropriate method of liquidating Short-Term Bond Portfolio would be to have Insurance Company substitute shares of another fund for those of Short-Term Bond Portfolio currently held by their Separate Accounts.

14. If the requested substitution order is granted, the following substitutions will take place. Western Reserve, on behalf of WRL Series Annuity Account B, will substitute Institutional Shares of Money Market Portfolio of JAS ("Janus Aspen Money Market Portfolio") for

shares of Short-Term Bond Portfolio. Janus Aspen Money Market Portfolio is another investment portfolio of JAS. The portfolio's investment objective is to seek maximum current income to the extent consistent with stability of capital. The portfolio seeks to maintain a stable net asset value of \$1.00 per share.

15. Annuity Investors, on behalf of Annuity Investors Variable Account A, will substitute shares of Class A Common Stock of Domestic Money Market Fund of Merrill Lynch Variable Series Funds, Inc. ("Merrill Lynch Domestic Money Market Fund") for shares of Short-Term Bond Portfolio. Merrill Lynch Variable Series Funds, Inc. is registered under the Act as an open-end management investment company and shares of Merrill Lynch Domestic Money Market Fund are registered as securities under the 1933 Act (File Nos. 811-03290 and 2-74452). The portfolio's investment objectives are to preserve capital, maintain liquidity and achieve the highest possible current income consistent with the foregoing objectives by investing in short-term domestic money market securities. The portfolio seeks to maintain a stable net asset value of \$1.00 per share. Merrill Lynch Asset Management, L.P. serves as the investment adviser to the portfolio.

16. Kemper Life, on behalf of KILICO Variable Annuity Separate Account, will substitute Kemper Money Market Portfolio of Investors Fund Series ("Kemper Money Market Portfolio") for shares of Short-Term Bond Portfolio. Investors Fund Series is registered under the Act as an open-end management investment company and shares of Kemper Money Market Portfolio are registered as securities under the 1933 Act (File Nos. 811-5002 and 33-11802). The portfolio seeks maximum current income to the extent consistent with stability of principal from a portfolio of high quality money market instruments. The portfolio seeks to maintain a stable net asset value of \$1.00 per share. Scudder Kemper Investments, Inc. serves as investment manager for the portfolio.

17. Southland Life, on behalf of Southland Separate Account L1 and Southland Separate Account A1, will substitute Institutional Shares of Money Market Portfolio of Variable Insurance Products Fund ("Fidelity VIP Money Market Portfolio") for shares of Short-Term Bond Portfolio. Variable Insurance Products Fund is registered under the Act as an open-end management investment company and shares of Fidelity VIP Money Market Portfolio are registered as securities under the 1933 Act (File Nos. 811-3329 and 2-75010).

The portfolio seeks to obtain as high a level of current income as is consistent with preserving capital and providing liquidity. The portfolio seeks to maintain a stable \$1.00 share price. Fidelity Management & Research Company serves as investment manager to the portfolio.

18. Applicants state that each of the Contracts gives the respective Insurance Company the right to eliminate or add sub-accounts, combine two or more sub-accounts, or substitute one or more underlying mutual funds or portfolios for others in which one or more sub-accounts are invested. Applicants assert that these contractual provisions also have been disclosed in the prospectuses or statements of additional information relating to the Contracts.

19. Applicants state that, as of the effective date of the substitutions, each Insurance Company will redeem shares of Short-Term Bond Portfolio for cash. Simultaneously, each Insurance Company will use these proceeds to purchase the appropriate number of shares of the Money Market Fund proposed to be substituted. The substitutions will take place at relative net asset values of the portfolios with no change in the amount of any Contract owner's account values or death benefit.

20. Applicants represent that Janus Capital and the Insurance Companies will pay all expenses and transaction costs of the substitutions, including legal, accounting and other fees and that none of these costs will be borne by Contract owners. Applicants state that affected Contract owners will not incur any fees or charges as a result of the substitutions, nor will the rights or obligations of the Insurance Companies under the Contracts be altered in any way. Applicants also represent that the proposed substitutions will not have any adverse tax consequences to Contract owners and that the proposed substitutions will not cause Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions.

21. Applicants state that the proposed substitutions will not be treated as transfers for the purpose of assessing transfer charges or for determining the number of remaining transfers that may be made by a Contract owner in any period without a transfer charge. Applicants state that no Insurance Company will, with respect to shares substituted, exercise its right that it may have under its Contracts to impose additional restrictions on transfers for a period of at least 30 days following the proposed substitutions. Each Contract owner will be allowed one transfer of

Contract value with respect to shares substituted, for a period of 30 days following the proposed substitutions, without that transfer counting toward any limit on free transfers under a Contract.

22. Applicants state that affected Contract owners have been notified of the proposed elimination of Short-Term Bond Portfolio. In addition, Applicants further state that each Insurance Company will send affected Contract owners a prospectus supplement (or notice, in the case of Annuity Investors) which informs them that the Insurance Company and other applicants have filed an application for an order allowing the Insurance Companies to undertake the substitutions described in the application and that affected Contract owners may elect at any time prior to the closing date of the substitutions to transfer their interest in the sub-account corresponding to Short-term Bond Portfolio to any other sub-account, without such transfer counting toward any limits on free transfers under a Contract. Applicants also state that with this supplement, affected Contract owners will also receive a current prospectus relating to the Money Market Fund proposed to be substituted (unless such Money Market Fund is already an allocation option under the particular Contract, in which case the affected Contract owners would have already received such a prospectus).

23. Applicants state that once the proposed substitutions are completed, a confirmation will be mailed to the Contract owners reflecting the transfer of the Contract values from the sub-accounts investing in Short-Term Bond Portfolio to the sub-accounts investing in the substituted Money Market Fund. Applicants state that this confirmation will be sent within five days of the completion of the substitution. Applicants also state that, following the proposed substitutions, Janus Capital, as the sole remaining shareholder of Short-Term Bond Portfolio, will approve the final liquidation of Short-Term Bond Portfolio.

Applicants' Legal Analysis

1. Applicants request that the Commission issue an order pursuant to Section 26(b) of the Act approving the substitutions by the Insurance Companies of shares held by their Separate Accounts in Short-Term Bond Portfolio as follows: (1) Annuity Investors seeks approval for the substitution of shares of Merrill Lynch Domestic Money Market Fund for shares of Short-Term Bond Portfolio; (2) Kemper Life seeks approval for the

substitution of shares of Kemper Money Market Portfolio for shares for shares of Short-Term Bond Portfolio; (3) Southland Life seeks approval for the substitution of shares of Fidelity VIP Money Market Portfolio for shares of Short-Term Bond Portfolio; and (4) Western Reserve seeks approval for the substitution of shares of Janus Aspen Money Market Portfolio for shares of Short-Term Bond Portfolio.

2. Section 26(b) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to receive Commission approval before substituting the securities held by the trust. Section 26(b) also states that the Commission shall issue an order approving such substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

3. Applicants state that each Insurance Company has reserved the right to substitute shares of another open-end management investment company in the Contracts and disclosed this reserved right in the prospectuses or statements of additional information for the Contracts.

4. Applicants note that, with regard to each of the proposed substitutions, the corresponding sub-accounts would become invested in substantially larger funds that those in which each sub-account is currently invested, and that the expenses of each of the Money Market Funds are lower than those of Short-Term Bond Portfolio, even with the current expense limitation in place for Short-Term Bond Portfolio. Applicants state, moreover, that the current expense limitation for Short-Term Bond Portfolio may be terminated upon 90 days' notice to the Trustees of JAS, and there is no assurance this arrangement will continue in the future.

5. Applicants also maintain that the Money Market Funds are an appropriate substitute investment vehicle with regard to Contract owner interests held in Short-Term Bond Portfolio. Short-Term Bond Portfolio was designed to serve as a short-term investment option for Contract owners who desire income and protection of all or portion of Contract values from risks associated with investments in an equity fund or longer term bond fund. Applicants represent that the Money Market Funds are entirely consistent with these objectives as they generally seek to provide the highest level of income consistent with preservation of principal. In light of this, Applicants believe Contract owners that have allocated values to Short-Term Bond Portfolio will find the Money Market Funds to be a suitable

alternative for purposes of short-term investments.

6. Applicants maintain that the purposes, terms and conditions of the substitutions are consistent with the principles and purposes of Section 26(b) and do not entail any of the abuses that Section 26(b) is designed to prevent. Applicants note that each of the Contracts provides each Contract owner with the right to exercise his or her own judgment and transfer account values into other allocation options. Moreover, each Contract will offer Contract owners the opportunity to transfer amounts out of the sub-account corresponding to Short-Term Bond Portfolio into any of the remaining sub-accounts without cost or other disadvantage.

Conclusion

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

Jonathan Katz,

Secretary.

[FR Doc. 98-21276 Filed 8-7-98; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40287; File No. SR-CBOE-98-26]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc. Relating to Quarterly Closing Rotations

July 31, 1998.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 16, 1998, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. 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 Exchange proposes to add an interpretation to Rule 6.2 to provide for a closing rotation in Exchange-traded

options on the last trading day of each calendar quarter. The text of the proposed rule change follows. (Italicizing indicates material to be added.)

Trading Rotations

Rule 6.2

No change.

* * * Interpretations and Policies:

.01-.04 No change.

.05A *closing rotation shall be employed for each series of options traded on the Exchange on the last business day of each calendar quarter. Unless otherwise directed by Floor Officials or the appropriate Floor Procedure Committee the only orders which may participate in the closing rotation are those that are received before the normal close of the trading day, i.e., generally 3:02 p.m. for equity and narrow-based index options and 3:15 p.m. for broad-based index options. The Exchange's Retail Automatic Execution System ("RAES") will not be available during the closing rotation. The appropriate Floor Procedure Committee may determine not to hold a closing rotation for a particular class of options for a calendar quarter, in which case prior notice will be provided to the Exchange's membership. The Order Book Official, with the approval of two Floor Officials, may deviate from the rotation policy or procedures for quarterly closing rotations as provided for in this Rule.*

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

In its filing with the Commission, the CBOE 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. The CBOE has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The CBOE is proposing to add Interpretation .05 under Rule 6.2 that would provide for a closing rotation to be held in options traded on the CBOE floor on the last trading day of each calendar quarter. Also, the Exchange is setting forth the procedures to be

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.