CATEGORIES OF RECORDS COVERED BY THE SYSTEM:

[CHANGE TO READ] ''Records may contain names, work locations, dates, Social Security numbers, the number of complaints and the resolution of complaints mediated, and other information as contained on affidavits, interview reports, investigative forms, counselor reports, exhibits, withdrawal notices, settlement agreements, briefs, appeals, copies of decisions, records of hearings and meetings, and other records related to complaints.''

PURPOSE(S):

[CHANGE TO READ] ''Used by EEO officers and the Equal Employment Opportunity Commission to adjudicate complaints of alleged discrimination and to evaluate the effectiveness of the EEO program. Also used by Human Resources personnel to administer voluntary alternative dispute resolution programs.''

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

General routine use statements a, b, c, d, e, f, g, h, j, k, l, and m listed in the prefatory statement at the beginning of the Postal Service's published system notices apply to this system. Other routine uses are as follows:

l. [CHANGE TO READ] ''Information contained in this system of records may be disclosed to an authorized investigator appointed by the Equal Employment Opportunity Commission, upon his/her request, when that investigator is properly engaged in the investigation of a formal complaint of discrimination filed against the U.S. Postal Service under 29 CFR part 1614 and the contents of the requested records are needed by the investigator in the performance of his/her duty to investigate a discrimination issue involved in the complaint.'' [Add: Routine Use 2]

''2. Information may be disclosed to a mediator retained by the Postal Service when needed to resolve an EEO complaint at the precomplaint stage.''

STORAGE:

[CHANGE TO READ] ''Paper case files. Status information required by the Equal Employment Opportunity Commission is maintained on ADP records. Records of alternative dispute resolution are maintained in an electronic database.''

* * * * *

Stanley F. Mires,

Chief Counsel, Legislative.

[FR Doc. 96–19262 Filed 7–29–96; 8:45 am]

BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22092; No. 812–10158]

Acacia National Life Insurance Company, et al.

July 23, 1996.

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

ACTION: Notice of Application for Exemptions from the Investment Company Act of 1940 (''1940 Act'').

APPLICANTS: Acacia National Life Insurance Company (''Acacia''), Acacia National Variable Annuity Separate Account II (''Separate Account'') and The Advisors Group, Inc. (''TAG'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act granting exemptions from Sections 26(a)(2) and 27(c)(2) thereof.

SUMMARY OF APPLICATION: Applicants seek exemptions from the 1940 Act to the extent necessary to permit the deduction of mortality and expense risk charges from the assets of: (a) the Separate Account in connection with the offering of certain variable annuity contracts (''Contracts''); and (b) any other separate account (''Future Account'') established in the future by Acacia in connection with the offering of other variable annuity contracts (''Future Contracts'') which are similar in all material respects to the Contracts. Exemptions also are requested for any other broker-dealer (''Future Underwriter'') who may, in the future, act as principal underwriter of the Contracts or Future Contracts.

FILING DATE: The application was filed on May 16, 1996, and amended on June 27, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the commission orders a hearing. Interested persons may request a hearing 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 August 19, 1996, 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 requestor'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 5th Street, N.W., Washington, D.C. 20549. Applicants, c/o Ellen Jane Abromson, Acacia National Life Insurance Company, 51 Louisiana Avenue, N.W., Washington, D.C. 20001.

FOR FURTHER INFORMATION CONTACT: Pamela K. Ellis, Senior Counsel, or Wendy Friedlander, Deputy 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 Public Reference Branch of the Commission.

Applicants' Representations

1. Acacia is a stock life insurance company incorporated in Virginia and licensed to do business in 46 states and the District of Columbia. Acacia is a wholly owned subsidiary of Acacia Mutual Life Insurance Company (''Acacia Mutual'').

2. Separate Account is a separate account established by Acacia in connection with offering the Contracts. Separate Account currently has fourteen sub-accounts (''Sub-Accounts''), each of which invests solely in shares of a corresponding portfolio (''Portfolio'') of one of several open-end, registered investment companies (''Funds''). Each of the Portfolios has a different investment objective.

Separate Account is registered as a unit investment trust under the 1940 Act, and interests in the Contracts are registered under the Securities Act of 1933 (''1933 Act''). The Future Accounts will be registered under the 1940 Act as unit investment trusts, and interests in the Future Contracts will be registered under the 1933 Act.

3. TAG is the principal underwriter and distributor of the Contracts. TAG is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934, as amended (''1934 Act'') and is a member of the National Association of Securities Dealers, Inc. (''NASD''). TAG, an indirect wholly owned subsidiary of Acacia Mutual, is an affiliate of Acacia. Future Underwriters will be registered under the 1934 Act as broker-dealers and members of the NASD.

4. The Contracts are variable annuity contracts issued by Acacia and are

offered for purchase on a non-qualified tax basis (''Non-Qualified Contracts'') or for use in connection with retirement plans qualifying for favorable federal income tax treatment (''Qualified Contracts''). Net premium payments may be allocated among the Sub-Accounts and Acacia's general account (''Fixed Account''), subject to certain restrictions. The value of the Contract (''Account Value'') is the total of the value held in both the Sub-Accounts and the Fixed Account. The Account Value allocated to the Sub-Accounts will vary with the investment performance of the Portfolios selected and may be transferred among one or more of the other Sub-Accounts or to the Fixed Account at any time without charge.

5. The Contracts will pay a death benefit to a designated beneficiary if the Contract owner dies prior to the maturity date. The death benefit is guaranteed not to be less than the greater of the Account Value or the cumulative premium payments made less cumulative withdrawals, including any applicable surrender charges. For Contract owners under age 75, the death benefit is guaranteed not to be less than the ''Minimum Guaranteed Death Benefit,'' which initially is the greater of the Account Value or cumulative premium payments made, less cumulative withdrawals on the fifth Contract anniversary, and is re-calculated and may be increased (but not decreased) every five years from the fifth Contract anniversary through age 75.

6. A Contract may be surrendered prior to the maturity date for its Surrender Value (''Surrender Value''), which is equal to the Account Value less the Annual Policy Fee and any applicable Surrender Charges and premium or other taxes. All or a portion of the current Surrender Value may be withdrawn prior to the earlier of the date of death of the Contract owner or the maturity date. No Surrender Charge is imposed on earnings in all Sub-Accounts and the Fixes Account. In addition, up to 10% of the Account Value (as of the last Contract anniversary), plus 10% of (a) deposits since the last Contract anniversary less (b) withdrawals since the last Contract anniversary (''Free Withdrawal Amount''), also may be withdrawn free of Surrender Charges.

7. The first annuity payment will be made as of the maturity date selected by the Contract Owner. Only fixed annuity payment options are available under the Contract.

8. *Contract Fees and Charges.*

a. Surrender Charge. No sales charge currently is deducted from premium payments. A Surrender Charge (''CDSC'') may be imposed as a percentage of premium payments being withdrawn if the Contract is surrendered or an excess partial withdrawal is taken within five years from the date Acacia receives each premium payment. The amount of the CDSC depends upon the number of complete years that have elapsed since the premium payment being withdrawn was made. In calculating the CDSC, Acacia treats premium payments as being withdrawn on a first-in first-out basis, and as being withdrawn before earnings. The CDSC is determined by multiplying each premium payment included in the withdrawal by the CDSC Rate applicable to the year in which the premium payment was received, as follows:

CDSC charge (as a % of the premium payment being withdrawn)	Completed contract anniversaries since receipt of premium
8	0–2
6	3
4	4
0	5 or more.

If the Surrender Value is withdrawn or applied under an Annuity Payment Option, the CDSC will apply to all premium payments not previously assessed a CDSC. The CDSC may be waived under certain circumstances where the Contract owner receives qualified extended medical care; however, no additional premium payments will be accepted after this waiver has been exercised.

b. Taxes. No charge currently is imposed for federal, state or local income taxes attributable to the Separate Account. Acacia may make such a charge in the future, subject to necessary regulatory approvals. A charge for any premium taxes will be deducted when such taxes are incurred, either when a premium payment is accepted, Account Value is withdrawn or surrendered, or Annuity Payments commence. Premium taxes may range up to 3.5% of purchase payments.

c. Mortality and Expense Risk Charges. Acacia imposes charges as compensation for bearing certain mortality and expense risks under the Contracts. A monthly charge will be deducted at an effective annual rate of up to 1.25% of the average daily net assets of each Sub-Account. Of the 1.25% mortality and expense risk charge, approximately 1.0% is allocable to mortality risks and 0.25% to expense risks. The mortality and expense risk charge is guaranteed not to exceed 1.25% for the life of the Contracts and also is guaranteed to decrease by 0.5% on each Contract anniversary beginning in year 16 until it reaches an annual effective rate of .50% at the end of year 30. This charge will be deducted after the Maturity Date. This charge may be a source of profit for Acacia and the excess may be used for, among other things, the payment of distribution expenses.

Applicants assert that the mortality and expense risk charge is a reasonable charge deducted to compensate Acacia for bearing certain mortality and expense risks under the Contracts, including: (i) The risk that annuitants under the Contracts will live longer than has been anticipated in setting the annuity rates guaranteed in the Contracts; (ii) the risk that the death benefit will be greater than the Account Value; and (iii) the risk that administrative expenses will exceed the charges guaranteed for the Contracts.

d. Administrative Expense Charge. A monthly fee is deducted at an effective annual rate of 0.10% of the average daily net assets of each Sub-Account to partially compensate Acacia for certain expenses incurred in administering the Contract and the Separate Account (''Expense Charge''). The Expense Charge is guaranteed for the life of the Contract and may not be increased. The fee will be deducted after the Maturity Date. Applicants represent that the Expense Charge is deducted in reliance on Rule 26a–1 under the 1940 Act and is not greater than the average expected cost of the bookkeeping and other administrative services to be provided over the life of the Contract. Acacia does not expect or intend to earn a profit from this charge.

e. Annual Contract Fee. An annual charge of $42 (''Annual Fee'') is deducted to partially compensate Acacia for certain expenses incurred in administering the Contract. The deduction will be made from the Account Value on each Contract anniversary prior to the Maturity Date in the same proportion that the values attributable to the Sub-Accounts bear to the total Account Value. The charge also will be assessed on the Maturity Date and upon full surrender. The Annual Fee is guaranteed not to increase during the life of the Contract and may be waived for Contracts with Account Value in excess of $50,000. Applicants represent that the Annual Fee is deducted in reliance on Rule 26a–1 under the 1940 Act and is not greater than the average expected cost of the bookkeeping and other administrative services to be provided over the life of the Contract. Acacia does not expect or intend to earn a profit from this charge.

Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act authorizes the Commission to exempt any person, security or transaction, or any class or classes of persons, securities or transactions, from the provisions of the 1940 Act and the rules thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

2. Applicants submit that their request for an order that applies to Future Contracts and Future Accounts is appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the 1940 Act. Applicants further submit that the terms of the relief requested are consistent with the standards enumerated in Section 6(c) of the 1940 Act and with existing precedent. Without the requested relief, Acacia would have to request and obtain separately exemptive relief for each new Future Account established and each new class of Future Contract issued. Applicants represent that such additional requests for exemptive relief would present no issues under the 1940 Act that have not already been addressed in this application.

3. Applicants also submit that the terms of the relief requested with respect to the offering of the Contracts and Future Contracts through TAG or any Future Underwriter are consistent with the standards of Section 6(c) of the 1940 Act. Applicants assert that, without the requested relief, they would have to request and obtain exemptive relief in connection with any new Future Underwriter that distributes the Contracts or Future Contracts. Applicants represent that such additional requests for exemptive relief would present no issues under the 1940 Act that have not already been addressed in this application.

4. Applicants further state that the requested relief is appropriate in the public interest because it would promote competitiveness in the variable annuity contract market by eliminating the need for Acacia to file redundant exemptive applications, thereby reducing its administrative expenses and maximizing the efficient use of its resources. Investors would not receive any benefit or additional protection by requiring Acacia to seek exemptive relief repeatedly with respect to the issues addressed in this application. Applicants assert that the delay and expense involved would impair Acacia's ability to take advantage effectively of business opportunities as they arise and would disadvantage investors as a result of Acacia's increased overhead expenses.

5. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in relevant part, prohibit a registered unit investment trust, its depositor or principal underwriter, from selling periodic payment plan certificates unless the proceeds of all payments, other than sales loads, are deposited with a qualified bank and held under arrangements which prohibit any payment to the depositor or principal underwriter except a reasonable fee, as the Commission may prescribe, for performing bookkeeping and other administrative duties normally performed by the bank itself.

6. Applicants submit that the mortality and expenses risk charges are reasonable and proper insurance charges that are deducted to compensate Acacia for bearing certain mortality and expenses risks under the Contracts and Future Contracts. In return for these charges, Acacia bears the risk that: (i) Annuitants under the Contracts as a class will live longer than has been anticipated in setting the annuity rates guaranteed in the Contracts and Future Contracts; (ii) the death benefit will be greater than the Contract value; and (iii) administrative expenses will exceed the charges guaranteed for such Contracts.

7. Applicants represent that the mortality and expense risk charge is within the range of industry practice for comparable variable annuity contracts. This representation is based on Acacia's analysis of publicly available information about similar industry contracts, taking into consideration such factors as current charge levels, charge level or annuity rate guarantees, the manner in which the charges are imposed and the markets in which the contracts have been offered. Applicants state that, as long as there are Contracts outstanding, Acacia will maintain at its administrative offices and make available to the Commission, upon request, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, its comparative survey.

8. The mortality and expense risk charge may be a source of profit for Acacia. Applicants acknowledge that if a profit is realized from this charge, all or a portion of such profit may be available to pay, among other things, distribution expenses not reimbursed by the CDSC. Acacia has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the Separate Account and the Contract owners. Acacia will keep at its administrative offices and make available to the Commission, upon request, a memorandum setting forth the basis for this representation.

9. Applicants represent that Separate Account and Future Accounts will invest only in management investment companies which undertake, in the event any such company adopts a plan Rule 12b–1 to finance distribution expenses, to have a board of directors, a majority of whom are not interested persons of any such investment company, as defined in the 1940 Act, formulate and approve the plan.

Conclusion

Applicants assert that for the reasons and based upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to deduct a mortality and expense risk charge under the Contracts and Future Contracts are necessary and appropriate in the public interest and consistent with the protection of investors and the policies and 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. 96–19251 Filed 7–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–22089; File No. 812–9946]

American Centurion Life Assurance Company, et al.

July 23, 1996.

AGENCY: The Securities and Exchange Commission (the ''Commission'').

ACTION: Notice of application for an order under the Investment Company Act of 1940 (''1940 Act'').

APPLICANTS: American Centurion Life Assurance Company (''ACL''), ACL Variable Annuity Account 1 (''ACL Account''), and American Express Service Corporation (''AESC'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act granting exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF THE APPLICATION: Applicants seek an order under Section 6(c) of the 1940 Act granting exemptions from Sections 26(a)(2)(C) and 27(c)(2) to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of the ACL Account or other separate accounts