

preparing materials for each fund's board of directors, legal fees incurred in that preparation, and accounting fees associated with each fund's financial statements. The expenses of the Reorganization attributable to the Reorganization transaction itself were borne *pro rata* by applicant and Global Allocation according to each fund's net assets as of the Valuation Time and aggregated \$375,000, of which \$22,000 was paid by applicant and \$353,000 was paid by Global Allocation. These expenses included preparation of the registration statement for filing with the SEC, filing fees, and legal and audit fees. Expenses incurred in connection with the deregistration and dissolution of applicant will be borne by Merrill Lynch Asset Management, L.P., and are expected to total approximately \$450.

8. Applicant has no securityholders and no securities outstanding. Applicant has no debts or other liabilities outstanding as of the date of the application other than expenses incurred in connection with its deregistration and dissolution.

9. Applicant is not a party to any litigation or administrative proceedings. Applicant is not now engaged and does not propose to engage in any business activities other than those necessary for the winding up of its affairs.

10. Applicant intends to file Articles of Dissolution with the State of Maryland.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 96-24080 Filed 9-19-96; 8:45 am]

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[Release No. 35-26574]

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

September 13, 1996.

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 October 7, 1996, 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 the 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.

The Columbia Gas System, Inc. (70-8905)

The Columbia Gas System, Inc. ("Columbia"), 12355 Sunrise Valley Drive, Suite 300, Reston, Virginia 20191-3420, a registered holding company, has filed an application-declaration under sections 9(a), 10, and 12(b) of the Act and rule 45 thereunder.

Columbia proposes to form a wholly owned direct subsidiary company ("Captive") to engage in the business of reinsuring certain commercial insurance bought by Columbia, its subsidiaries and affiliates, from certain commercial insurance companies, such as Travelers Insurance Companies.¹ Columbia seeks authorization to fund the Captive up to an aggregate principal amount of \$3 million by providing up to: (1) \$1 million in capital contributions and/or cash in exchange for Captive common stock, \$25 par value; and (2) \$2 million in letters of credit under Columbia's credit facility ("Letters of Credit") previously authorized by the Commission. If payment is required under any Letter of Credit, Columbia would reimburse the issuing bank, and the amount paid would be treated as a capital contribution to Captive.

Currently, the risk management department of Columbia purchases a broad array of insurance coverages for automobile, general liability and "all risk" property losses. Columbia maintains an underlying deductible of \$200,000 per event for automobile and general liability coverage, and \$50,000 per event for "all-risk" property coverage. In excess of these deductibles, Columbia purchases commercial insurance. Subsidiaries of Columbia, regardless of size and business needs, have no choice as to deductibles.

¹ Affiliates would include project companies in which subsidiaries of Columbia have an equity interest.

Commercial premiums are then allocated to subsidiaries based on such factors as number of automobiles, total property values, revenues and product throughput. A subsidiary's individual loss experience is not considered for purposes of allocating premium expenses.

Under the new program, the Captive would assume the risk of the more "predictable" loss layer from the commercial insurers, for losses between up to \$2 million for automobile and general liability losses per event and up to \$750,000 for "all-risk" property losses per event.² Each subsidiary would be given a choice of deductible, and premiums would be based on that choice and on the subsidiary's prior loss experience. With this exception, premium allocations would continue to be made on the basis of the factors described above. Commercial insurance would continue to be purchased for "unpredictable" losses above \$2 million and \$750,000, respectively, just as is done under the current program. Premiums for the first year which were actuarially determined to equal the aggregate predictable loss plus administrative expenses are estimated at \$4.2 million, which, when aggregated with \$3 million of funding, give the Captive a total of \$7.2 million plus interest to respond to claims during the first year. In the event of losses exceeding this amount, commercial insurance will respond to any claims in excess of the aggregate and retention.

Captive would not be an admitted commercial insurer in the United States, but instead would operate as an insurance company in Bermuda and work through admitted commercial insurers.³ A Bermuda management company will be retained to provide administrative services. Columbia employees will be directors of the Captive, and employees of Columbia's service corporation will be principal officers. Time and expenses will be billed to the Captive and recovered in premiums.

To assure the financial strength and integrity of the Captive, which must comply with strict Bermuda capital to

² Columbia will use its own ten-year loss experience to identify actuarially its "predictable" losses for automobile, general liability and "all-risk" property losses and underwriting such losses through the Captive. Captive may, in the future, expand its coverage into such areas as workers' compensation, director and officer liability, legal malpractice, performance bonds and warranty programs offered to consumers.

³ Although the Columbia system public-utility companies would not deal with an associate company directly, Columbia intends to review the proposed arrangements concerning the Captive with the interested state commissions.

premium requirements of \$1 of capital for every \$5 of net premium, aggregate "stop loss" protection will be arranged from a commercial insurer.

To the extent that premiums and interest earned exceed current claims and expenses, an appropriate reserve would be accumulated to respond in years when claims and expenses exceed premiums. To the extent that losses over the long term are lower than projected, premiums would be appropriately reduced. Excess cash would be invested in accordance with Columbia's investment guidelines.

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

Jonathan G. Katz,

Secretary.

[FR Doc. 96-24081 Filed 9-19-96; 8:45 am]

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[Investment Company Act Release No. 22222; 812-10112]

Reich & Tang Distributors L.P., et al.; Notice of Application

September 13, 1996.

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

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

APPLICANTS: Reich & Tan Distributors L.P. ("Reich & Tang"); Equity Securities Trust (Series 1, Signature Series, and subsequent series); Mortgage Securities Trust (CMO Series 1 and subsequent series); Municipal Securities Trust (Series 1 and subsequent series) (including Insured Municipal Securities Trust, Series 1 (and subsequent series) and 5th Discount Series (and subsequent series)); New York Municipal Trust (Series 1 and subsequent series); and A Corporate Trust (Series 1 and subsequent series) (collectively, the foregoing trusts are the "Trusts").

RELEVANT ACT ACTIONS: Order of exemption requested pursuant to sections 11(a) and (c).

SUMMARY OF APPLICATION: Applicants request an order to permit certain offers of exchange between the Trusts at a reduced sales charge. The requested order would supersede three prior orders.

FILING DATES: The application was filed on April 29, 1996, and amended on July 19, 1996, and September 6, 1996. Applicants have agreed to file an amendment, the substance of which is incorporated herein, during the notice period.

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, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on October 8, 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 writers interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 600 Fifth Avenue, New York, NY 10022.

FOR FURTHER INFORMATION CONTACT: Elaine M. Boggs, Staff Attorney, at (202) 942-0572, or Alison E. Baur, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Information).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. Reich & Tang, the successor sponsor to the unit investment trust division of Bear Stearns & Co. Inc., is a sponsor or co-sponsor with Gruntal & Co. Incorporated ("Gruntal") of various unit investment trusts (collectively, Reich & Tang and Gruntal are the "Sponsors"). Each Trust is organized under a trust indenture and agreement between the Trust, the Sponsors, and the Chase Manhattan Bank or Bank of New York, as trustee, and is registered under the Act.

2. On September 29, 1995, Bear, Stearns & Co. Inc. ("Bear Stearns") transferred its unit investment trust business to Reich & Tang and immediately thereafter Reich & Tang commenced serving as sponsor for the Trusts. Prior to the transfer, Bear Stearns and the Trusts had received SEC orders permitting certain offers of exchange.¹ At the request of Bear Stearns and Reich & Tang, the SEC's Division of Investment Management informed Bear

Stearns and Reich & Tang that the Division would not recommend that the SEC take any enforcement action against them if the Trusts operate under the terms of the prior orders until the earlier of (a) the date the requested order is granted or (b) March 13, 1997.² The requested order will supersede the prior orders.

3. The sales charge for initial investment in the Trusts currently ranges between 3.5% to 5.5% of the public offering price, subject to discounts for certain volume transactions. The Sponsors maintain a secondary market for the Trusts and intend to continue to maintain a secondary market for any new Trusts, although they are not obligated to do so. Units sold in the secondary market are subject to a sales charge of up to 5.5% plus net accrued interest.

4. Applicants propose to offer an exchange privilege to unitholders of the Trusts at a reduced sales charge (the "Exchange Privilege"). Unitholders would be able to exchange any of their units for units in one or more available series of the Trusts (the "Exchange Trust"). Applicants also propose to offer a rollover privilege to unitholders of the Trusts at a reduced sales charge (the "Rollover Privilege"). Unitholders would be able to "roll over" their units in a series which is terminating for units of one or more new series of the Trusts (the "Rollover Trust"). In addition, applicants propose a conversion offer ("Conversion Offer") pursuant to which unitholders may redeem units of any Trust in which there is no active secondary market ("Redemption Trust") and apply the proceeds to the purchase of available units of one or more series of the Trusts (the "Conversion Trusts").

5. To exercise the Exchange or Rollover Privilege, a unitholder must notify the Sponsor. In order to exercise the Conversion Offer, a unitholder must notify his or her retail broker. The Conversion Offer will be handled entirely through the unitholder's retail broker and the retail broker must tender the units to the trustee of the Redemption Trust for redemption and then apply the proceeds toward the purchase of units of a Conversion Trust. Exercise of the Exchange or Rollover Privilege is subject to the following conditions: (a) The Sponsors must be maintaining a secondary market in units of the available Exchange or Rollover Trust, (b) at the time of the unitholder's election to participate, there must be units of the Exchange or Rollover to be acquired available for sale, either under

¹ Mortgage Securities Trust, Investment Company Act Release Nos. 18254 (Aug. 1, 1991) (notice) and 18290 (Aug. 28, 1991) (order); New York Municipal Trust, Investment Company Act Release Nos. 11715 (Apr. 1, 1981) (notice) and 11754 (Apr. 29, 1981) (order); and Bear Stearns & Co., Investment Company Act Release Nos. 11143 (Apr. 29, 1980) (notice) and 11184 (May 23, 1980) (order).

² Reich & Tang Distributors L.P. (pub. avail. March 13, 1996).