

Conditions for Relief

1. Applicants represent that CG Life will monitor the reasonableness of the charge to be deducted by CG Life pursuant to the requested exemptive relief.

2. Applicants represent that the registration statement for each Contract under which the charge referenced in paragraph one of this section is deducted will: (i) disclose the charge; (ii) explain the purpose of the charge; and (iii) state that the charge is reasonable in relation to CG Life's increased federal income tax burden under Section 848 resulting from the receipt of premiums.

3. Applicants represent that the registration statement for each Contract under which the charge referenced in paragraph one of this section is deducted will contain as an exhibit an actuarial opinion as to: (i) the reasonableness of the charge in relation to CG Life's increased federal income tax burden under Section 848 resulting from the receipt of premiums;¹ (ii) the reasonableness of the after tax rate of return that is used in calculating such charge and the relationship that such charge has to CG Life's cost of capital; and (iii) the appropriateness of the factors taken into account by CG Life in determining the after tax rate of return.

Conclusion

Applicants submit that, for the reasons and upon the facts set forth above, the requested exemptions from Section 27(c)(2) of the 1940 Act and Rule 6e-3(T)(c)(4)(v) thereunder, to permit CG Life to deduct 1.15% of premium payments under the Contracts, meet the standards set forth in Section 6(c) of the 1940 Act. In this regard, Applicants assert that granting the relief requested in the application would be 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.

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

Jonathan G. Katz,
Secretary.

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[Investment Company Act Release No. 21597; 812-9476]

The Diversified Investors Funds Group, et al.; Notice of Application

December 13, 1995.

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

ACTION: Notice of Application for an Order Under the Investment Company Act of 1940 (the "Act").

APPLICANTS: The Diversified Investors Funds Group ("Diversified Fund"); Diversified Investors Portfolios ("Diversified Portfolios"); Diversified Investment Advisors, Inc. ("Diversified"), on behalf of itself and each open-end management investment company or series thereof organized in the future (the "Future Funds") which is a member of the same "group of investment companies" as defined in rule 11a-3 under the Act; and Diversified Investors Securities Corp. (the "Distributor").

RELEVANT ACT SECTIONS: Order of exemption requested pursuant to section 6(c) of the Act from section 12(d)(1) of the Act, pursuant to sections 6(c) and 17(b) of the Act from section 17(a) of the Act, and pursuant to rule 17d-1 under the Act permitting certain joint transactions in accordance with section 17(d) of the Act and rule 17d-1 thereunder.

SUMMARY OF APPLICATION: The requested order would permit applicants to create a "fund of funds" that initially will have three portfolios. Each portfolio would allocate substantially all of its assets among the series of Diversified Fund or of the Future Funds (each such series and Future Fund is referred to individually as an "Underlying Spoke," and all such series and Future Funds, collectively, as the "Underlying Spokes") without regard to the percentage limitations of section 12(d)(1). The Underlying Spokes, in turn, will invest in a corresponding series of Diversified Portfolios or of a Future Fund (each such series and Future Fund is referred to individually as an "Underlying Hub," and all such series and Future Funds, collectively, as the "Underlying Hubs"). The requested order also would permit certain affiliated joint transactions in accordance with section 17(d) of the Act and rule 17d-1.

FILING DATES: The application was filed on February 6, 1995, and amended and restated on June 2, 1995, July 12, 1995, and December 12, 1995.

HEARING OR NOTIFICATION OF HEARINGS: 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 January 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 writer's 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, 4 Manhattanville Road, Purchase, New York 10577.

FOR FURTHER INFORMATION CONTACT: Mary Kay Frech, Senior Attorney, at (202) 942-0579, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

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. Diversified Fund is organized as a Massachusetts business trust. Diversified Portfolios is organized as a trust under the laws of the State of New York. Each of Diversified Fund and Diversified Portfolios is registered as an open-end management investment company under the Act. Diversified Fund currently consists of eight separate series and Diversified Portfolios currently consists of nine separate series.

2. Diversified is a registered investment adviser under the Investment Advisers Act of 1940. Diversified is an indirect, wholly-owned subsidiary of AEGON USA, Inc., a financial services holding company whose primary emphasis is life and health insurance and annuity and investment products. AEGON USA, Inc. is an indirect, wholly-owned subsidiary of AEGON nv, a Netherlands corporation which is a publicly traded international insurance group. Diversified currently is the investment manager for Diversified Portfolios and acts as administrator and transfer agent for Diversified Fund. Each Underlying Spoke organized in the future will be administered by Diversified, and each Underlying Hub organizer in the future will be advised by Diversified. Diversified Investors Securities Corp.

¹ Applicants represent that they will amend the application during the Notice period to include this condition as set forth herein.