requestor seeks to have litigated at the proceeding.

Each contention must consist of a specific statement of the issue of law or fact to be raised or controverted. In addition, the petitioner/requestor shall provide a brief explanation of the bases for the contention and a concise statement of the alleged facts or expert opinion which support the contention and on which the petitioner intends to rely in proving the contention at the hearing. The petitioner must also provide references to those specific sources and documents of which the petitioner is aware and on which the petitioner intends to rely to establish those facts or expert opinion. The petition must include sufficient information to show that a genuine dispute exists with the applicant on a material issue of law or fact.[1] Contentions shall be limited to matters within the scope of the amendment under consideration. The contention must be one which, if proven, would entitle the petitioner to relief. A petitioner/requestor who fails to satisfy these requirements with respect to at least one contention will not be permitted to participate as a party.

Each contention shall be given a separate numeric or alpha designation within one of the following groups:

1. *Technical*—primarily concerns/issues relating to technical and/or health and safety matters discussed or referenced in the applications.
2. *Environmental*—primarily concerns/issues relating to matters discussed or referenced in the environmental analysis for the applications.
3. *Miscellaneous*—does not fall into one of the categories outlined above.

As specified in 10 CFR 2.309, if two or more petitioners/requestors seek to co-sponsor a contention, the petitioners/requestors shall jointly designate a representative who shall have the authority to act for the petitioners/requestors with respect to that contention. If a petitioner/requestor seeks to adopt the contention of another sponsoring petitioner/requestor, the petitioner/requestor who seeks to adopt the contention must either agree that the sponsoring petitioner/requestor shall act as the representative with respect to that contention, or jointly designate with the sponsoring petitioner/requestor a representative who shall have the authority to act for the petitioners/requestors with respect to that contention.

[1] To the extent that the applications contain attachments and supporting documents that are not publicly available because they are asserted to contain safeguards or proprietary information, petitioners desiring access to this information should contact the applicant or applicant's counsel and discuss the need for a protective order.

Those permitted to intervene become parties to the proceeding, subject to any limitations in the order granting leave to intervene, and have the opportunity to participate fully in the conduct of the hearing. Since the Commission has made a final determination that the amendment involves no significant hazards consideration, if a hearing is requested, it will not stay the effectiveness of the amendment. Any hearing held would take place while the amendment is in effect.

A request for a hearing or a petition for leave to intervene must be filed by: (1) First-class mail addressed to the Office of the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Attention: Rulemaking and Adjudications Staff; (2) courier, express mail, and expedited delivery services: Office of the Secretary, Sixteenth Floor, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852, Attention: Rulemaking and Adjudications Staff; (3) E-mail addressed to the Office of the Secretary, U.S. Nuclear Regulatory Commission, *HearingDocket@nrc.gov;* or (4) facsimile transmission addressed to the Office of the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC, Attention: Rulemakings and Adjudications Staff at (301) 415–1101, verification number is (301) 415–1966. A copy of the request for hearing and petition for leave to intervene should also be sent to the Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, and it is requested that copies be transmitted either by means of facsimile transmission to (301) 415–3725 or by e-mail to *OGCMailCenter@nrc.gov.* A copy of the request for hearing and petition for leave to intervene should also be sent to the attorney for the licensee.

Nontimely requests and/or petitions and contentions will not be entertained absent a determination by the Commission or the presiding officer or the Atomic Safety and Licensing Board that the petition, request and/or the contentions should be granted based on a balancing of the factors specified in 10 CFR 2.309(a)(1)(i)–(viii).

STP Nuclear Operating Company, Docket No. 50–498, South Texas Project, Unit 1, Matagorda County, Texas

Date of amendment request: December 20, 2006, as supplemented by letter dated December 28, 2006.

Description of amendment request: The amendment, for a one-time change, revised Technical Specification (TS) 3.3.2 for the loss of power (LOP) instrumentation (Functional Unit 8, ''loss of power'') in TS Table 3.3–3, ''Engineered Safety Features Actuation System Instrumentation.'' A note is added to TS Table 3.3–3, Action 20, which is the TS-required action for inoperable LOP instrumentation, to allow a one-time provision for corrective maintenance on an inoperable Unit 1 LOP instrumentation channel when the number of operable channels are more than one less than the total number of channels. This provision for corrective maintenance expires 30 days after the amendment is approved.

Date of issuance: January 11, 2007.

Effective date: Effective as of its date of issuance and shall be implemented by January 15, 2007.

Amendment No.: 176.

Facility Operating License No. NPF–76: The amendment revised the Technical Specifications and Facility Operating License.

Public comments requested as to proposed no significant hazards consideration (NSHC): No.

The Commission's related evaluation of the amendment, finding of emergency circumstances, state consultation, and final NSHC determination are contained in a safety evaluation dated January 11, 2007.

Attorney for licensee: A. H. Gutterman, Esq., Morgan, Lewis & Bockius, 1111 Pennsylvania Avenue, NW., Washington, DC 20004.

NRC Branch Chief: David Terao.

Dated at Rockville, Maryland, this 22nd day of January 2007.

For the Nuclear Regulatory Commission.

John W. Lubinski,

Deputy Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.

[FR Doc. E7–1259 Filed 1–29–07; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release Number IC–27677; File No. 812–13321]

Integrity Life Insurance Company, et al.

January 24, 2007.

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

ACTION: Notice of application for an order of approval pursuant to Section 26(c) of the Investment Company Act of 1940, as amended (the ''Act'').

APPLICANTS: Integrity Life Insurance Company (''Integrity''), Separate

Account I of Integrity Life Insurance Company (''Integrity Separate Account I''), Separate Account II of Integrity Life Insurance Company (''Integrity Separate Account II''), National Integrity Life Insurance Company (''National Integrity''), Separate Account I of National Integrity Life Insurance Company (''National Integrity Separate Account I''), and Separate Account II of National Integrity Life Insurance Company (''National Integrity Separate Account II,'' together with Integrity Separate Account I, Integrity Separate Account II, and National Integrity Separate Account I, the ''Separate Accounts'').

SUMMARY: Applicants seek an order approving the proposed substitution of shares of DWS Equity 500 Index VIP Fund: Class A with Fidelity VIP Index 500: Initial Class; DWS Equity 500 Index VIP Fund: Class B with Fidelity VIP Index 500: Service Class 2; JPMorgan Bond Portfolio with Fidelity VIP Investment Grade Bond: Initial Class; JPMorgan International Equity Portfolio with Fidelity VIP Overseas: Initial Class; MFS VIT Capital Opportunities Series: Service Class with Franklin VIP Growth and Income Securities Fund: Class 2; MFS VIT Emerging Growth Series: Service Class with Touchstone VST Eagle Capital Appreciation Fund; MFS VIT Investors Growth Stock Series: Service Class with Touchstone VST Eagle Capital Appreciation Fund; MFS VIT Mid Cap Growth Series: Service Class with Touchstone VST Mid Cap Growth Fund; MFS VIT New Discovery Series: Service Class with Fidelity VIP Disciplined Small Cap: Service Class 2; MFS VIT Total Return Series: Service Class with Franklin VIP Growth and Income Securities Fund: Class 2; Putnam VT Discovery Growth: Class IB with Fidelity VIP Mid Cap: Service Class 2; Putnam VT George Putnam Fund of Boston: Class IB with Fidelity VIP Balanced: Service Class 2; Putnam VT Growth and Income Fund: Class IB with Franklin VIP Growth and Income Securities Fund: Class 2; Putnam VT International Equity Fund: Class IB with Fidelity VIP Overseas: Service Class 2; Putnam VT Small Cap Value Fund: Class IB with Touchstone VST Third Avenue Value Fund; Putnam VT Voyager Fund: Class IB with Fidelity VIP Growth: Service Class 2.

FILING DATE: The application was filed on August 4, 2006, and an amended and restated application was filed on January 23, 2007.

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 must be received by the Commission by 5:30 p.m. on February 16, 2007, 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 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 Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549. Applicants, c/o Rhonda S. Malone, Esq., Associate Counsel—Securities, Western and Southern Financial Group, 400 Broadway, Cincinnati, Ohio 45202.

FOR FURTHER INFORMATION CONTACT: Alison T. White, Senior Counsel, or Joyce M. Pickholz, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 551–6795.

SUPPLEMENTARY INFORMATION: The following is a summary of the amended and restated application. The complete application is available for a fee from the Public Reference Branch of the Commission, 100 F Street, NE., Washington, DC 20549 (202–551–8090).

Applicants' Representations

1. Integrity is a stock life insurance company organized under the laws of Ohio. Integrity is a wholly owned subsidiary of The Western and Southern Life Insurance Company. The Western and Southern Life Insurance Company is wholly owned by Western and Southern Financial Group, Inc., which is wholly owned by Western and Southern Mutual Holding Company.

2. Integrity Separate Account I and Integrity Separate Account II are registered under the Act as unit investment trusts (File Nos. 811–04844 and 811–07134, respectively). They are used to fund variable annuity contracts of Integrity.

3. National Integrity is a stock life insurance company organized under the laws of New York. National Integrity is a direct subsidiary of Integrity and an indirect subsidiary of The Western and Southern Life Insurance Company.

4. National Integrity Separate Account I and National Integrity Separate Account II are registered under the Act as unit investment trusts (File Nos. 811–04846 and 811–07132, respectively). They are used to fund variable annuity contracts of National Integrity.

5. The fifteen variable annuity Contracts affected by this application are flexible premium deferred variable annuities and hereinafter are collectively referred to as the ''Contracts.''

6. Each Contract permits allocations of value to certain fixed subaccounts and variable subaccounts that invest in specific investment portfolios of underlying mutual funds. The Contracts currently offer between 12 and 54 portfolios. All of the Contracts currently being sold offer the same portfolios and same series of the Putnam Variable Trust Funds (''Putnam''), MFS Variable Insurance Trust (''MFS''), DWS Investments VIP Funds (''DWS''), and J.P. Morgan Series Trust II (''JP Morgan'') that are the subject of this Substitution. One contract that is no longer sold currently offers 12 portfolios including only one of the replaced portfolios, and will continue to offer 12 portfolios after the substitution.

7. Each Contract permits transfers from one subaccount to another subaccount at any time prior to annuitization, subject to certain restrictions and charges described below. No sales charge applies to such a transfer of value among subaccounts. The Contracts permit up to twelve free transfers during any contract year. A fee of $20 is imposed on transfers in excess of twelve transfers in a contract year.

8. Each Contract reserves the right, upon notice to Contract owners and compliance with applicable law, to add, combine or remove subaccounts, or to withdraw assets from one subaccount and put them into another subaccount.

9. The Applicants propose the Substitution of 16 separate portfolios, representing all the currently available portfolios, except one, of four unaffiliated companies: Putnam, MFS, DWS, and JP Morgan (the ''Replaced Portfolios''). As replacements, the Applicants propose 12 portfolios: eight from Fidelity VIP Funds (''Fidelity''), one from Franklin Templeton Variable Insurance Product Trust (''Franklin''), and three from Touchstone VST Funds (the ''Replacement Portfolios''). Each of these fund companies currently offers portfolios in the Contracts, and 11 of the 12 proposed replacement portfolios are currently or were previously available in the Contracts.

10. The investment objective, strategies and risks of each Replacement Portfolio are the same as, or substantially similar to, the investment objective, strategies and risks of the corresponding Replaced Portfolio. For each Replaced Portfolio and each Replacement Portfolio, the investment objective, strategies, and risks, along

with the Morningstar Style Category, are shown in the tables that follow:

	Replaced Portfolio	Replacement Portfolio (Unless otherwise indicated, the Replacement Portfolios are not affiliated with the Integrity Companies.)
Replacements 1 and 2		
Name	DWS Equity 500 Index	Fidelity Index 500.
Investment Objective	Match the performance of the S&P 500 Index, which emphasizes stocks of large U.S. companies.	Results that correspond to the total return of common stocks in the US, as represented by the S&P 500.
Strategy	Invests in stocks and other securities of a statistically selected sample of the companies included in the benchmark and derivative instruments that are representative of the S&P 500 Index as a whole, using a process called optimization.	Invests at least 80% of assets in common stocks included in the S&P 500 using statistical sampling techniques; lends securities to earn income for the fund.
Principal Risks	• Market Risk • Tracking Error Risk. • Issuer-Specific Changes. • Index Fund Risk. • Futures and Options Risk. • Pricing Risk. • Securities Lending Risk.	• Stock Market Volatility.
Morningstar Category	Large Cap Blend	Large Cap Blend.
Replacement 3		
Name	JPMorgan Bond	Fidelity Investment Grade Bond.
Investment Objective	Provide a high total return consistent with moderate risk of capital and maintenance of liquidity.	Provide a high level of current income consistent with the preservation of capital.
Strategy	Invests at least 80% of its assets in debt investments, including U.S. government and agency securities, corporate bonds, private placements, asset backed and mortgage backed securities it believes have the potential to provide a high total return over time.	Invests at least 80% of assets in investment-grade debt securities of all types and repurchase agreements for those securities; allocates assets across different market sectors and maturities, and analyzes a security's structural features and current pricing, trading opportunities, and the credit quality of the issuer; may invest up to 10% in lower-quality debt securities.
Principal Risks	• Interest Rate Risk • Junk Bond Risk • Foreign Exposure • Prepayment Risk • Issuer-Specific Change. • Short Sales Risk. • Futures and Options Risk.	• Interest Rate Risk. • Foreign Exposure. • Prepayment Risk. • Issuer-Specific Changes.
Morningstar Category	Intermediate Term Bond	Intermediate Term Bond.
Replacement 4		
Name	JPMorgan International Equity	Fidelity Overseas.
Investment Objective	Provide a high total return of capital growth and current income.	Provide long-term growth of capital.
Strategy	Invests at least 80% of its assets in equity investments of primarily foreign companies of various sizes, including foreign subsidiaries of U.S. companies.	Invests at least 80% of assets in non-U.S. common stocks; allocates investments across countries and regions considering the size of the market in each country and region relative to the size of the international market as a whole, using fundamental analysis of each issuer, its industry position, and market and economic conditions.
Principal Risks	• Market Risk • Foreign Exposure • Futures and Options Risk • Emerging Market Risk. • Small Company Risk. • Prepayment Risk. • Interest Rate Risk.	• Market Risk. • Foreign Exposure. • Issuer-Specific Changes.
Morningstar Category	Foreign Large Cap Blend	Foreign Large Cap Blend.
Replacement 5		
Name	MFS Capital Opportunities	Franklin Growth and Income Securities.
Investment Objective	Capital appreciation	Capital appreciation with current income as a secondary goal.

	Replaced Portfolio	Replacement Portfolio (Unless otherwise indicated, the Replacement Portfolios are not affiliated with the Integrity Companies.)
Strategy	Invests at least 65% of its net assets in common stocks and related securities; focuses on companies it believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow, using fundamental research and a "bottom-up" investment style.	Invests predominantly in a broadly diversified portfolio of equity securities that the advisor considers to be financially strong but undervalued by the market.
Principal Risks	• Market Risk • Company Risk • Over-the-Counter Risk • Foreign Securities Risk • Emerging Market Risk	• Market Risk. • Undervalued Securities Risk. • Interest Rate Risk. • Sector Risk. • Foreign Securities Risk. • Emerging Market Risk.
Morningstar Category	Large Cap Blend	Large Cap Value.
	Replacement 6	
Name	MFS Emerging Growth	Touchstone Eagle Capital Appreciation (affiliated with the Integrity Companies).
Investment Objective	Long-term growth of capital	Long-term capital appreciation.
Strategy	Invests at least 65% of its net assets in common stocks and related securities of emerging growth companies it believes are either (1) early in their life cycle but which have the potential to become major enterprises, or (2) major enterprises whose rates of earnings growth are expected to accelerate because of special factors, such as rejuvenated management, new products, changes in consumer demand, or basic changes in the economic environment; emerging growth companies may be of any size.	Invests in a diversified portfolio of common stocks in large cap companies, selected from the largest 500 stocks by market cap size, screened using fundamental research to develop five-year earnings estimates for each company based on historical data, current comparables and a thorough understanding of each company and the relevant industry drivers; assigned either a premium or discount multiple; then ranked using a proprietary valuation model which ranks each stock based on the five year expected rates of return.
Principal Risks	• Market Risk • Over-the-Counter Risk • Foreign Securities Risk • Emerging Markets Risk • Emerging Growth Risk • Frequent Trading Risk	• Market Risk. • Large-cap Company Risk. • Analysis Risk. • Sector Risk. • Growth Company Risk. • Management Risk.
Morningstar Category	Large Cap Growth	Large Cap Growth.
	Replacement 7	
Name	MFS Investors Growth Stock	Touchstone Eagle Capital Appreciation (affiliated with the Integrity Companies).
Investment Objective	Provide long-term growth of capital and future income rather than current income.	Long-term capital appreciation.
Strategy	Invests at least 80% of its net assets in common stocks and related securities of companies it believes offer better than average prospects for long-term growth.	Invests in a diversified portfolio of common stocks in large cap companies, selected from the largest 500 stocks by market cap size, screened using fundamental research to develop five-year earnings estimates for each company based on historical data, current comparables and a thorough understanding of each company and the relevant industry drivers; assigned either a premium or discount multiple; then ranked using a proprietary valuation model which ranks each stock based on the five year expected rates of return.
Principal Risks	• Market Risk • Growth Company Risk • Foreign Securities Risk • Frequent Trading Risk	• Market Risk. • Growth Company Risk. • Large-cap Company Risk. • Sector Risk. • Management Risk.
Morningstar Category	Large Cap Growth	Large Cap Growth.
	Replacement 8	
Name	MFS Mid Cap Growth	Touchstone Mid Cap Growth (affiliated with the Integrity Companies).
Investment Objective	Long-term growth of capital	Increase the value of fund shares as a primary goal and earn income as a secondary goal.

	Replaced Portfolio	Replacement Portfolio (Unless otherwise indicated, the Replacement Portfolios are not affiliated with the Integrity Companies.)
Strategy	Invests at least 80% of its net total assets in common stocks and related securities of companies with medium market capitalization that it believes have above-average growth potential.	Invests at least 80% of assets in common stocks of mid cap companies including companies that have earnings that the portfolio manager believes may grow faster than the U.S. economy in general or companies that are believed to be undervalued, including those with unrecognized asset values, undervalued growth or those undergoing turnaround.
Principal Risks	• Mid Cap Growth Company Risk • Over-the-Counter Risk • Foreign Securities Risk • Emerging Markets Risk • Short Sales Risk.	• Market Risk. • Mid Cap Company Risk. • Sector Risk. • Management Risk.
Morningstar Category	Mid Cap Growth	Mid Cap Growth.
Replacement 9		
Name	MFS New Discovery	Fidelity Disciplined Small Cap.
Investment Objective	Capital appreciation	Capital appreciation.
Strategy	Invests at least 65% of assets in common stocks and related securities of emerging growth companies it believes offer superior prospects for growth and are either (1) early in their life cycle but which have the potential to become major enterprises, or (2) enterprises whose rates of earnings growth are expected to accelerate because of special factors; the Portfolio will generally focus on smaller cap companies within the range of market capitalizations in the Russell 2000 Growth Index.	Invests at least 80% of assets in securities of Companies with small market capitalizations similar to companies in the Russell 2000 Index; invest in domestic and foreign issuers, in either growth or value stocks; uses computer aided quantitative analysis of historical valuation, growth, profitability and other factors.
Principal Risks	• Market Risk • Company Risk • Over-the-Counter Risk • Foreign Securities Risk • Short Sales Risk • Emerging Growth Companies. • Small Cap Companies Risk.	• Stock Market Volatility. • Foreign Exposure. • Issuer-Specific Changes. • Quantitative Investing. • Small Cap Investing.
Morningstar Category	Small Cap Growth	Small Cap Growth.
Replacement 10		
Name	MFS Total Return	Franklin Growth and Income Securities.
Investment Objective	Provide above-average income (compared to a portfolio invested entirely in equity securities) consistent with the prudent employment of capital, and secondarily to provide a reasonable opportunity for growth of capital and income.	Capital appreciation with current income as a secondary goal.
Strategy	Invests in a combination of equity and fixed income securities (1) at least 40%, but not more than 75%, of its net assets in common stocks and related securities and (2) at least 25% of its net assets in non-convertible fixed income securities.	Invests predominantly in a broadly diversified portfolio of equity securities that the advisor considers to be financially strong but undervalued by the market.
Principal Risks	• Allocation Risk • Undervalued Securities Risk • Market Risk • Foreign Securities Risk • Interest Rate Risk • Convertible Securities Risk • Maturity Risk. • Credit Risk. • Junk Bond Risk. • Liquidity Risk. • Prepayment Risk.	• Market Risk. • Undervalued Securities Risk. • Interest Rate Risk. • Sector Risk. • Foreign Securities Risk. • Emerging Market Risk.
Morningstar Category	Moderate Allocation	Large Cap Value.
Replacement 11		
Name	Putnam Discovery Growth	Fidelity Mid Cap.
Investment Objective	Long-term growth of capital	Long-term growth of capital.
Strategy	Invests mainly in common stocks of U.S. companies with a focus on growth stocks.	Invests at least 80% of assets in securities of U.S. and foreign companies with medium market caps.
Principal Risks	• Market Risk • Small Cap Company Risk • Mid Cap Company Risk	• Stock Market Volatility Risk. • Foreign Exposure. • Mid Cap Company Risk.

	Replaced Portfolio	Replacement Portfolio (Unless otherwise indicated, the Replacement Portfolios are not affiliated with the Integrity Companies.)
Morningstar Category	Mid Cap Growth	Mid Cap Growth.
	Replacement 12	
Name	Putnam The George Putnam Fund of Boston	Fidelity Balanced.
Investment Objective	Provide a balanced investment composed of a well-diversified portfolio of stocks and bonds that produce both capital growth and current income.	Income and capital growth consistent with reasonable risk.
Strategy	Invests in a combination of bonds and U.S. value stocks, with a greater focus on value stocks; at least 25% of the Fund's total assets in fixed-income securities, including debt securities, preferred stocks and that portion of the value of convertible securities attributable to the fixed-income characteristics of those securities.	Invests approximately 60% of assets in common stocks of domestic and foreign issuers and at least 25% of assets in fixed income senior securities.
Principal Risks	• Stock Market Volatility Risk • Interest Rate Risk • Credit Risk • Junk Bond Risk • Allocation Risk • Futures and Options Risk.	• Stock Market Volatility Risk. • Interest Rate Risk. • Foreign Exposure. • Prepayment Risk. • Issuer-Specific Changes.
Morningstar Category	Moderate Allocation	Moderate Allocation.
	Replacement 13	
Name	Putnam Growth and Income	Franklin Growth and Income Securities.
Investment Objective	Seeks capital growth and current income	Capital appreciation with current income as a secondary goal.
Strategy	Invests mainly in common stocks of U.S. companies, with a focus on value stocks that offer potential for capital growth, current income, or both.	Invests predominantly in a broadly diversified portfolio of equity securities that the advisor considers to be financially strong but undervalued by the market.
Principal Risks	• Market Risk • Company Risk	• Market Risk. • Undervalued Securities Risk. • Interest Rate Risk. • Sector Risk. • Foreign Securities Risk. • Emerging Market Risk.
Morningstar Category	Large Cap Value	Large Cap Value.
	Replacement 14	
Name	Putnam International Equity	Fidelity Overseas.
Investment Objective	Capital appreciation	Provide long-term growth of capital.
Strategy	Invests in common stocks of companies outside the United States that it believes have favorable investment potential; at least 80% of assets in equity investments.	Invests at least 80% of its assets in non-U.S. common stocks; allocates investments across countries and regions considering the size of the market in each country and region relative to the size of the international market as a whole, using fundamental analysis of each issuer, its industry position, and market and economic conditions.
Principal Risks	• Foreign Exposure • Market Risk • Company Risk	• Market Risk. • Foreign Exposure. • Issuer-Specific Changes.
Morningstar Category	Foreign Large Cap Blend	Foreign Large Cap Blend.
	Replacement 15	
Name	Putnam Small Cap Value	Touchstone Third Avenue Value (affiliated with the Integrity Companies).
Investment Objective	Capital appreciation	Long-term capital appreciation.
Strategy	Invests in common stocks of U.S. companies, with a focus on stocks it believes are currently undervalued by the market; at least 80% of its net assets in small companies of a size similar to those in the Russell 2000 Value Index.	Non-diversified Fund that seeks to achieve its objective mainly by investing in common stocks of well-financed companies (companies without significant debt in comparison to their cash resources) at a discount to what it believes is their liquid value.
Principal Risks	• Market Risk • Company Risk • Small Cap Companies Risk	• Market Risk. • Company Risk. • Small Cap Companies Risk. • Foreign Exposure. • Valuation Risk. • Sector Risk. • Diversification Risk.

	Replaced Portfolio	Replacement Portfolio (Unless otherwise indicated, the Replacement Portfolios are not affiliated with the Integrity Companies.)
Morningstar Category	Small Cap Value	Small Cap Blend.
Replacement 16		
Name	Putnam Voyager	Fidelity Growth.
Investment Objective	Capital appreciation	Capital appreciation.
Strategy	Invests mainly in common stocks of U.S. companies, with a focus on growth stocks.	Invests in domestic and foreign common stock it believes have above average growth potential, using fundamental analysis.
Principal Risks	• Market Risk • Company Risk	• Stock Market Volatility. • Foreign Exposure. • Issuer-specific Changes. • Growth Investing.
Morningstar Category	Large Cap Growth	Large Cap Growth.

11. Applicants assert that the proposed Substitutions will streamline the Contracts, creating efficiencies and reducing costs. The current portfolio structure requires the Integrity Companies to interface with eight fund companies. Reducing the number of its fund partners from eight to five will reduce the burden on the Integrity Companies' administrative, accounting, auditing, compliance, and marketing areas and systems. In addition, Applicants maintaining the legal and administrative relationships with eight fund companies has become increasingly burdensome in light of recently enhanced compliance requirements. Focusing compliance and administrative efforts on a smaller number of fund partners is intended to reduce risk and improve controls and oversight.

12. Applicants state that the proposed Substitutions are expected to provide significant benefits to the Contract owners, including improved selection of superior portfolios and simplification of fund offerings through the elimination of overlapping and duplicative portfolios in certain asset classes, particularly large cap growth. At the same time, Contract owners will continue to be able to select among 41 funds with a full range of investment objectives, investment strategies and risks.

13. Applicants represent that every Replacement Portfolio has an equal or lower expense ratio than the corresponding Replaced Portfolio, taking into account current fund expenses and fee waivers. Service fees charged by the Replacement Portfolios pursuant to a 12b–1 plan are equal to or less than those charged by the Replaced Portfolio, and the management fees are substantially similar between the Replaced and Replacement Portfolios. Detailed expense information is set forth in the chart below. By maintaining expenses at an equal or lower level, the Integrity Companies are offering their Contract owners and prospective investors a selection of better-managed funds at the same or reduced cost.

EXPENSES

	Name	Management fee (percent)	12b-1 fee (percent)	Total expense (percent)	Waivers and reimbursements (percent)	Net expense (percent)
Replaced Portfolio	DWS Equity 500 Index, Class A	0.19	0.00	0.34	0.06	0.28
Replacement Portfolio	Fidelity VIP Index 500, Initial Class	0.10	0.00	0.10		0.10
Replaced Portfolio	DWS Equity 500 Index, Class B	0.19	0.25	0.72	0.19	0.53
Replacement Portfolio	Fidelity VIP Index 500, Service Class 2	0.10	0.25	0.35		0.35
Replaced Portfolio	JPMorgan Bond	0.30	0.00	0.75		0.75
Replacement Portfolio	Fidelity VIP Invstmt Grade Bond, Initial Cl	0.36	0.00	0.49		0.49
Replaced Portfolio	JPMorgan International Equity	0.60	0.00	1.20		1.20
Replacement Portfolio	Fidelity VIP Overseas, Initial Class	0.72	0.00	0.89		0.89
Replaced Portfolio	MFS Total Return, Service Class	0.75	0.25	1.09		1.09
Replacement Portfolio	Franklin Growth and Income Securities, Cl 2	0.48	0.25	0.76		0.76
Replaced Portfolio	MFS Capital Opportunity, Service Class	0.75	0.25	1.23	0.08	1.15
Replacement Portfolio	Franklin Growth and Income Securities, Cl 2	0.48	0.25	0.76		0.76
Replaced Portfolio	MFS Emerging Growth, Service Class	0.75	0.25	1.13		1.13
Replacement Portfolio	Touchstone Eagle Cap Appreciation	0.75	0.00	1.22	0.17	1.05
Replaced Portfolio	MFS Investors Growth Stock, Serv Class	0.75	0.25	1.15		1.15
Replacement Portfolio	Touchstone Eagle Cap Appreciation	0.75	0.00	1.22	0.17	1.05
Replaced Portfolio	MFS Mid Cap Growth, Service Class	0.75	0.25	1.17		1.17
Replacement Portfolio	Touchstone Mid Cap Growth	[22] 0.80	0.00	1.33	0.17	1.15
Replaced Portfolio	MFS New Discovery, Service Class	0.90	0.25	1.31		1.31
Replacement Portfolio	Fidelity Disciplined Small Cap, Serv Cl 2	0.72	0.25	1.51	0.26	1.25
Replaced Portfolio	Putnam Discovery Growth, Class IB	0.70	0.25	1.42	0.29	1.13
Replacement Portfolio	Fidelity VIP Mid Cap, Service Class 2	0.57	0.25	0.94	0.05	0.89
Replaced Portfolio	Putnam Geo Putnam Boston, Class IB	0.62	0.25	0.97		0.97
Replacement Portfolio	Fidelity VIP Balanced, Service Class 2	0.42	0.25	0.83	0.03	0.80
Replaced Portfolio	Putnam Growth & Income, Class IB	0.49	0.25	0.79		0.79
Replacement Portfolio	Franklin Growth and Income Securities, Cl 2	0.48	0.25	0.76		0.76
Replaced Portfolio	Putnam International Equity, Class IB	0.75	0.25	1.18		1.18

EXPENSES—Continued

	Name	Management fee (percent)	12b-1 fee (percent)	Total expense (percent)	Waivers and reimbursements (percent)	Net expense (percent)
Replacement Portfolio	Fidelity VIP Overseas, Service Class 2	0.72	0.25	1.14	0.07	1.07
Replaced Portfolio	Putnam Small Cap Value, Class IB	0.76	0.25	1.09		1.09
Replacement Portfolio	Touchstone Third Avenue Value	0.80	0.00	1.16	0.11	1.05
Replaced Portfolio	Putnam Voyager, Class IB	0.57	0.25	0.88		0.88
Replacement Portfolio	Fidelity Growth, Service Class 2	0.57	0.25	0.92	0.04	0.88

14. Applicants submit that each of the Replacement Portfolios has demonstrated better performance than the Replaced Portfolios during the overwhelming majority of the periods measured. Detailed performance information is set forth in the Application.

Applicants Legal Analysis and Conditions

1. The Substitution will take place at the portfolios' relative net asset values determined on the date of the Substitution in accordance with Section 22 of the Act and Rule 22c–1 thereunder with no change in the amount of any Contract owner's cash value or death benefit or in the dollar value of his or her investment in any of the subaccounts. Accordingly, there will be no financial impact on any Contract owner. The Substitution will be effected by having each of the subaccounts that invests in the Replaced Portfolios redeem its shares at the net asset value calculated on the date of the Substitution and purchase shares of the respective Replacement Portfolios at the net asset value calculated on the same date.

2. The Substitution will be described in a supplement to the prospectuses for the Contracts (''Sticker'') filed with the Commission and mailed to Contract owners. The Sticker will give Contract owners notice of the Substitution and will describe the reasons for engaging in the Substitution. The Sticker will also inform contract owners with assets allocated to a subaccount investing in the Replaced Portfolios that no additional amount may be allocated to those subaccounts on or after the date of the Substitution. In addition, the Stickers will inform affected Contract owners that at anytime after receipt of the notification of the Substitution and for 30 days after the Substitution, they will have the opportunity to reallocate assets from the subaccounts investing in the Replacement Portfolios to subaccounts investing in other portfolios available under the respective Contracts, without the imposition of any transfer charge or limitation and without diminishing the number of free transfers that may be made in a given contract year.

3. The prospectuses for the Contracts, as supplemented by the Sticker, will reflect the Substitution. Each Contract owner will be provided with a prospectus for the Replacement Portfolios applicable to them. Within five days after the Substitution, the Integrity Companies will each send affected Contract owners written confirmation that the Substitution has occurred.

4. The Integrity Companies will pay all expenses and transaction costs of the Substitution, including all legal, accounting and brokerage expenses relating to the Substitution. No costs will be borne by Contract owners. Affected Contract owners will not incur any fees or charges as a result of the Substitution, nor will their rights or the obligations of the Integrity Companies under the Contracts be altered in any way. The Substitution will not cause the fees and charges under the Contracts currently being paid by Contract owners to be greater after the Substitution than before the Substitution. The Substitution will have no adverse tax consequences to Contract owners and will in no way alter the tax benefits to contract owners.

5. Each Contract and its prospectus expressly discloses the reservation of the Applicants' right, subject to applicable law, to substitute shares of another portfolio for shares of the portfolio in which a subaccount is invested.

6. In all cases the investment objectives and policies of the Replacement Portfolios are sufficiently similar to those of the corresponding Replaced Portfolios that contract owners will have reasonable continuity in investment expectations.

7. The Substitution will not result in the type of costly forced redemption that Section 26(c) was intended to guard against because the Contract owner will continue to have the same type of investment choices, with better potential returns and the same or lower expenses and will not otherwise have any incentive to redeem their shares or terminate their Contracts.

8. The purposes, terms and conditions of the proposed Substitution are consistent with the protection of investors, and the principles and purposes of Section 26(c), and do not entail any of the abuses that Section 26(c) is designed to prevent.

9. Current net annual expenses in the Replacement Portfolios are lower or equal to those of the Replaced Portfolios.

10. Each of the Replacement Portfolios is an appropriate portfolio to which to move Contract owners with values allocated to the Replaced Portfolios because the portfolios have substantially similar investment objectives, strategies and risks.

11. The costs of the Substitution, including any brokerage costs, will be borne by the Integrity Companies and will not be borne by Contract owners. No charges will be assessed to effect the Substitution.

12. The Substitution will be at the net asset values of the respective shares without the imposition of any transfer or similar charge and with no change in the amount of any Contract owner's accumulation value.

13. The Substitution will not cause the fees and charges under the Contracts currently being paid by contract owners to be greater after the Substitution than before the Substitution and will result in Contract owners' contract values being moved to Portfolios with the same or lower current total net annual expenses.

14. In connection with assets held under Contracts affected by the Substitutions, the Integrity Companies will not receive, for three years from the date of the Substitutions, any direct or indirect benefits from the Replacement Portfolios, their advisors or underwriters (or their affiliates) at a rate higher than that which they had received from the Replaced Portfolios, their advisors or underwriters (or their affiliates), including without limitation 12b–1, shareholder service, administration or other service fees,

revenue sharing or other arrangements in connection with such assets. Applicants represent that the Substitutions and the selection of the Replacement Portfolios were not motivated by any financial consideration paid or to be paid by the Replacement Portfolios, their advisors or underwriters, or their respective affiliates.

15. For the two year period following the date of the Substitutions, the Applicants agree that if, on the last day of each fiscal quarter during the 2 year period, the total operating expenses of an unaffiliated Replacement Fund (taking into account any expense waiver or reimbursement) exceed on an annualized basis the net expense level of the corresponding Replaced Fund for the 2005 fiscal year, it will, for each Contract outstanding on the date of the Substitutions, make a corresponding reimbursement of expenses to the Contract Owners as of the last day of such fiscal quarter period, such that the amount of the Replacement Fund's net expenses, together with those of the corresponding Separate Account, on an annualized basis, will be no greater than the sum of the net expenses of the corresponding Replaced Fund and the expenses of the Separate Account for the 2005 fiscal year.

16. For a two year period following the date of the Substitution, the Applicants agree that the total operating expenses of each affiliated Replacement Portfolio (taking into account any expense waiver or reimbursement) will not exceed on an annualized basis the net expense level of the corresponding Replaced Fund for the 2005 fiscal year.

17. Applicants further agree that Separate Account charges on the Contracts affected by this Substitution will not be increased at any time during the 2 year period following the date of the Substitution, while the caps discussed in paragraphs 15 and 16 are in effect on the Replacement Portfolios.

18. Notice of the proposed substitution was mailed to all Contract owners on October 30, 2006. In addition, all Contract owners will be given another notice of the Substitution after it is approved by the Commission. This notice will be sent at least 30 days prior to the Substitution. All Contract owners will have an opportunity at any time after receipt of this notification of the Substitution and for 30 days after the Substitution to reallocate accumulation value among other available subaccounts without the imposition of any transfer charge or limitation and without being counted as one of the Contract owner's free transfers in a contract year.

19. Within five days after the Substitution, the Integrity Companies will send to affected Contract owners written confirmation that the Substitution has occurred.

20. The Substitution will in no way alter the insurance benefits to Contract owners or the contractual obligations of the Integrity Companies.

21. The Substitution will have no adverse tax consequences to contract owners and will in no way alter the tax benefits to Contract owners.

Conclusion

For the reasons and upon the facts set forth above, Applicants submit that the requested order meets the standards set forth in Section 26(c). Applicants request an order of the Commission, pursuant to Section 26(c) of the Act, approving the Substitutions.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7–1408 Filed 1–29–07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–55157; File No. SR–NSCC–2006–12]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Granting Approval to Proposed Rule Change Relating to Buy-Ins of Municipal Securities

January 23, 2007.

I. Introduction

On October 16, 2006, the National Securities Clearing Corporation (''NSCC'') submitted to the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to modify NSCC's rules concerning buy-ins of municipal securities. The proposed rule change was published for comment in the **Federal Register** on December 14, 2006.[3] No comment letters were received on the proposal. This order approves the proposal.

II. Description of the Proposal

The purpose of this filing is to amend NSCC's rules to streamline the processing of continuous net settlement (''CNS'') buy-ins of municipal securities. At the request of members and after consultation with the Buy-In Subcommittee of the Securities Industry Association, NSCC is modifying Rule 11 (CNS System), Procedure VII (CNS Accounting Operation), and Procedure X (Execution of CNS Buy-Ins) with respect to CNS buy-ins of municipal securities as set forth below.

Executions of buy-ins of municipal securities are governed by the rules of the Municipal Securities Rulemaking Board (''MSRB'') and have a ten-day cycle from notification of intent to buy-in to buy-in execution. In contrast, buy-ins for equity and corporate bond securities have a two-day cycle.

Under NSCC's rules (except with respect to securities subject to voluntary corporate reorganizations), an NSCC member that has a long CNS position at the end of any day (''originator'') may submit to NSCC a Notice of Intention to Buy-In (''Buy-In Notice'') specifying a quantity of securities not exceeding such long CNS position that it intends to buy-in (''Buy-In Position''). The day the Buy-In Notice is submitted is referred to as N and the succeeding days are referred to as N+1 and N+2. The Buy-In Position is given high priority for CNS allocations until expiration of the buy-in.

While increased priority is provided to facilitate the allocation of the Buy-In Position in CNS, municipal securities are usually thinly traded and the increased allocation priority has not been generally effective in accelerating the delivery process. Accordingly, when a municipal security Buy-In Position is not satisfied by a CNS allocation, the long member must have its Buy-In Position exited from CNS in order to be able to proceed under MSRB rules, which entails issuing a new buy-in notice and then waiting an additional ten days before executing the buy-in. As a result, a member typically will request that NSCC exit the municipal security Buy-In Position from CNS, and NSCC will exit the municipal security from CNS, which results in receive and deliver obligations for the affected parties two days later.

To assist members in their timely processing of buy-ins of municipal securities, NSCC is modifying its rules and procedures to automatically exit from CNS unsatisfied municipal security Buy-In Positions. Under the new procedures, CNS will automatically exit such positions prior to the night cycle on N+1. This will create a broker-to-broker close-out receive and deliver obligation between the member with the long CNS position and the member(s)

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 54900 (Dec. 8, 2006), 71 FR 75286.