

between the date a dividend to applicant's shareholders is declared and the record date of such dividend, and (c) applicant has not engaged in more than one rights offering during any given calendar year; or (ii) an offering in connection with a merger, consolidation, acquisition, spin-off, or reorganization; unless applicant has received from the staff of the Commission written assurance that the order will remain in effect.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 96-24171 Filed 9-19-96; 8:45 am]

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[Investment Company Act Release No. 22221; 811-4035]

Merrill Lynch Balanced Fund for Investment and Retirement, Inc.; Notice of Application

September 13, 1996.

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

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Merrill Lynch Balanced Fund for Investment and Retirement, Inc.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATE: The application was filed on July 5, 1996.

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 applicant 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 the applicant, 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. Applicant, 800 Scudders Mill Road, Plainsboro, New Jersey 08536-9011.

FOR FURTHER INFORMATION CONTACT:

Mary Kay Frech, Senior Attorney, at (202) 942-0579, or Alison E. Baur,

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.

Applicant's Representations

1. Applicant is an open-end, diversified management investment company organized as a corporation under the laws of Maryland. On May 24, 1984, applicant registered under the Act under the name Merrill Lynch Retirement Benefit Fund, Inc., and filed a registration statement to register its shares under the Securities Act of 1933. The name of applicant was changed to Merrill Lynch Retirement Benefit Investment Program, Inc. on July 22, 1985. On October 18, 1985, applicant's registration statement became effective. Applicant officially changed its name to Merrill Lynch Balanced Fund for Investment and Retirement, Inc. on December 21, 1994.

2. On October 13, 1995, applicant's board of directors approved an Agreement and Plan of Reorganization (the "Reorganization") between applicant and Merrill Lynch Global Allocation fund, Inc. ("Global Allocation"), pursuant to which applicant would transfer substantially all of its assets and liabilities to Global Allocation in exchange for newly issued Class A, Class B, Class C, and Class D shares of Global Allocation and the assumption by Global Allocation of substantially all of applicant's liabilities. In accordance with rule 17a-8 of the Act, applicant's directors determined that the Reorganization was in the best interests of applicant and that the interests of applicant's existing shareholders would not be diluted as a result.¹

3. In approving the Reorganization, the directors identified certain potential benefits likely to result from the Reorganization, including, (a) that shareholders would remain invested in an open-end fund that had an investment objective similar to that of applicant, (b) that the total operating expenses of Global Allocation after the

¹ Applicant and Global Allocation may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a-8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

Reorganization, as a percentage of net assets, would be less than the current operating expenses for applicant, (c) that Global Allocation could experience increasing economies of scale resulting from a larger asset base, and (d) that Global Allocation might experience greater flexibility in portfolio management because it is organized as a non-diversified fund.

4. On or about November 29, 1995, proxy materials soliciting shareholder approval of the Reorganization were mailed to all shareholders of record as of October 31, 1995. The Reorganization was approved, in accordance with Maryland law, by applicant's shareholders at a special meeting held on January 25, 1996.

5. As of 4:15 p.m. on March 1, 1996 (the "Valuation Time"), applicant had 912,616 Class A shares, 10,877,028 Class B shares, 110,774 Class C shares, and 41,129,078 Class D shares of common stock outstanding, \$.01 par value. The net asset value per Class A share was \$11.45, aggregating \$10,445,504; the net asset value per Class B share was \$11.69, aggregating \$127,150,468; the net asset value per Class C share was \$11.51, aggregating \$1,274,899; and the net asset value per Class D share was \$11.43, aggregating \$470,266,584.

6. On March 4, 1996, applicant transferred assets valued at \$609,137,455 and received in exchange 42,850,506.360 newly issued shares of common stock of Global Allocation. Such shares were then distributed to applicant's shareholders on that date in exchange for such shareholder's proportional interest in applicant. Specifically, applicant's shareholders received shares of that class of shares of Global Allocation having the same letter designation (i.e., Class A, Class B, Class C, or Class D) and the same distribution fees, account maintenance fees, and sales charges (including contingent deferred sales charges), if any, as applicant's shares held by them immediately prior to the Reorganization. The aggregate net asset value of the corresponding shares of Global Allocation issued to applicant's shareholders equaled the aggregate net asset value of the outstanding shares of applicant.

7. The expenses of the Reorganization directly attributable to each of applicant and Global Allocation were deducted from applicant's and Global Allocation's assets, respectively, prior to the Valuation Time. These expenses included the expenses incurred in

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.