

Chief of Staff to the Assistant Secretary, Employment Standards Administration. Effective July 21, 2000.

Intergovernmental Officer to the Assistant Secretary for Congressional and Intergovernmental Affairs. Effective July 24, 2000.

Intergovernmental Officer to the Assistant Secretary, Office of Congressional and Intergovernmental Affairs. Effective July 26, 2000.

Special Assistant to the Chief of Staff. Effective July 31, 2000.

Department of Transportation

Special Assistant to the Deputy Administrator, Federal Aviation Administration. Effective July 13, 2000.

Senior Policy Advisor to the Secretary of Transportation. Effective July 28, 2000.

Department of the Treasury

Special Assistant to the Deputy Secretary of the Treasury. Effective July 11, 2000.

Senior Advisor to the Assistant Secretary (Economic Policy). Effective July 28, 2000.

National Endowment for the Humanities

Director, Office of Public Affairs to the Chief of Staff. Effective July 13, 2000.

Small Business Administration

Counselor to the Administrator. Effective July 11, 2000.

United States Tax Court

Secretary (Confidential Assistant) to the Judge. Effective July 5, 2000.

Authority: 5 U.S.C. 3301 and 3302; E.O. 10577, 3 CFR 1954-1958 Comp., P. 218.

Janice R. Lachance,

Director, Office of Personnel Management.

[FR Doc. 00-24130 Filed 9-19-00; 8:45 am]

BILLING CODE 6325-01-U

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24641; File No. 812-11994]

PFL Life Insurance Company, et al., Notice of Application

September 14, 2000

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

ACTION: Notice of application for an Order of Exemption under Section 6(c) of the Investment Company Act of 1940 ("1940 Act") granting exemptions from the provisions of Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and Rule 22c-1 thereunder to permit the recapture of bonus credits applied to

premium payments made under certain deferred variable annuity contracts.

Applicants: PFL Life Insurance Company ("PFL"), PFL Life Variable Annuity Account C ("PFL Account"), AFSG Securities Corporation ("AFSG"), Transamerica Life Insurance and Annuity Company ("Transamerica"), Separate Account VA-6 ("Transamerica Account"), Transamerica Securities Sales Corporation ("TSSC"), Western Reserve Life Assurance Co. of Ohio ("Western Reserve"), and WRL Series Annuity Account ("WRL Account") (collectively, the "Applicants"). PFL, Transamerica, and Western Reserve are together referenced herein as the "Companies." PFL Account, Transamerica Account, and WRL Account are together referenced herein as the "Accounts," or individually as an "Account."

SUMMARY OF APPLICATION: Applicants seek an order of the Commission under Section 6(c) of the 1940 Act to the extent necessary to permit, under specified circumstances, the recapture of a bonus credit previously applied to premium payments made under: (i) deferred variable annuity contracts that the Companies will issue through the Accounts ("Policies"), and (ii) deferred variable annuity contracts that the Companies, and any other separate account of the Companies, or their successors in interest, may issue in the future that are substantially similar to the contracts in all material respects ("Future Policies"). Applicants also request that the order being sought extend to certain National Association of Securities Dealers, Inc. ("NASD") member broker-dealers which may, in the future, act as principal underwriter of such policies.

FILING DATE: The application was filed on February 24, 2000, and amended and restated on August 25, 2000.

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 SEC 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 October 6, 2000, and should be accompanied by proof of service on the 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 Secretary of the SEC.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Applicants, c/o Frank A. Camp, Esquire, PFL Life Insurance Company, 4333 Edgewood Road, NE, Cedar Rapids, Iowa 52499; Thomas E. Pierpan, Esq., Western Reserve Life Assurance Co. of Ohio, 570 Carillon Parkway, St. Petersburg, Florida 33716-1202; and Regina Fink, Esq., Transamerica Life Insurance and Annuity Company, 1150 South Olive, Los Angeles, California 90015-2211. Copies to Frederick R. Bellamy, Esquire, Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, N.W., Washington, D.C. 20004-2415.

FOR FURTHER INFORMATION CONTACT: Ronald A. Holinsky, Senior Counsel or Lorna MacLeod, Branch 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 may be obtained for a fee from the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549-0102 (tel. (202) 942-8090).

Applicant's Representations

1. PFL, a stock life insurance company incorporated under the laws of the State of Iowa, is a wholly-owned indirect subsidiary of AEGON USA, Inc., which conducts substantially all of its operations through subsidiary companies engaged in the insurance business or in providing non-insurance financial services. All of the stock of AEGON USA, Inc. is indirectly owned by AEGON N.V. of the Netherlands.

2. Transamerica, a stock life insurance company incorporated under the laws of the State of California, is an indirect subsidiary of AEGON N.V.

3. Western Reserve, incorporated under the laws of Ohio, is wholly-owned by First AUSA Life Insurance Company, a stock life insurance company that is wholly-owned by AEGON USA, Inc.

4. The PFL Account is registered under the 1940 Act as a unit investment trust (File No. 811-09503). The assets of the PFL account support certain flexible premium variable annuity policies, and interests in the PFL Account offered through such contracts have been registered under the Securities Act of 1933 ("1933 Act") on Form N-4 (File No. 333-83957).

5. The Transamerica Account is registered under the 1940 Act as a unit investment trust (File No. 811-07753). The assets of the Transamerica Account

support certain flexible premium variable annuity contracts, and interests in the Transamerica Account offered through such contracts have been registered under the 1933 Act on Form N-4 (File No. 333-09745).

6. The WRL Account is registered under the 1940 Act as a unit investment trust (File No. 811-05672). The assets of the WRL Account support certain flexible premium variable annuity contracts, and interests in the WRL Account offered through such contracts have been registered under the 1933 Act on Form N-4 (File No. 333-93169).

7. AFSG, an affiliate of the Companies, is the principal underwriter and the distributor of the Policies for the PFL Account and the WRL Account. AFSG is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and is a member of the NASD.

8. TSSC, an affiliate of the Companies, is the principal underwriter and the distributor of the policies for the Transamerica Account. TSSC is registered with the Commission as a broker-dealer under the 1934 Act and is a member of the NASD.

9. The Policies are flexible premium variable annuity policies issued by the Companies through their respective separate accounts. The Policies provide for accumulation of values on a variable basis, fixed basis, or both during the accumulation period, and may provide settlement or annuity payment options on a variable basis, fixed basis, or both. The Policies may be purchased on a non-qualified tax basis. The Policies may also be purchased and used in connection with plans qualifying for favorable federal income tax treatment.

10. Each Account is comprised of sub-accounts that will invest exclusively in a designated series of shares representing an interest in a particular portfolio of one or more open-end management investment companies of the series type registered with the Commission on Form N-1A ("Funds"). The owner determines in the application or transmittal form for a Policy how the net premium payments will be allocated among the sub-accounts of the Accounts and any available guaranteed period options or dollar cost averaging options of the fixed account. The policy value will vary with the investment performance of the sub-accounts selected, and the owner bears the entire risk for amounts allocated to an Account.

11. For each premium payment an owner makes, the Companies may add a bonus credit equal to a percentage of the premium payment to the owner's

policy value. PFL's bonus credit equals 5% of each premium payment (4% if the Owner is 70 years old or older), Transamerica's bonus credit equals 3.25% of each premium payment, and Western Reserve's bonus credit equals 4.5% of premium payments. The Companies may vary the percentage but acknowledge that the exemptive order requested will not provide exemption for a bonus credit recapture in excess of 5% for PFL, 3.25% for Transamerica, and 4.5% for Western Reserve.

12. An owner may return his or her Policy for a refund. An owner will generally have 10 days to return his or her Policy depending on the state where the Policy is issued. PFL will generally return the policy value minus any bonus credit to the owner, but may return premium payments (not including the bonus credit), if required by state law. Transamerica will generally return the purchase payments allocated to any general account options (minus withdrawals), plus the variable accumulated value, and minus any bonus credit. If required by state law, Transamerica will return the purchase payments (minus withdrawal and not including any bonus credits) or the greater of purchase payments (minus withdrawals and not including any bonus credits) or the account value (minus the bonus credits). In all events, Transamerica will not refund the amount of the bonus credit. Western Reserve will generally return total purchase payments received (minus any bonus credit) plus or minus any gains or losses in the amounts invested in the sub-accounts. Western Reserve may return purchase payments (not including the bonus credit) if required by state law.

13. An owner may surrender the Policy or make a partial withdrawal from the policy value during the accumulation period. If an owner surrenders a Policy or takes a partial withdrawal, a Company may deduct a surrender charge. An owner generally may be permitted to withdraw certain limited amounts free of surrender charge. The surrender charge for PFL Policies as a percentage of premium payments declines from 8% in years one, two and three to 0% in year nine and thereafter. The surrender charge for Transamerica Policies as a percentage of premium payments declines from 8% in years one, two and three to 0% in year nine and thereafter. The surrender charge for Western Reserve Policies as a percentage of premium payments declines from 8% in years one, two, and three to 0% in year nine and thereafter.

14. The policies offered by the PFL Account include a Nursing Care and

Terminal Condition Withdrawal Option, where PFL does not deduct a withdrawal charge on a surrender or withdrawal if the Owner has been (or whose spouse has been): (i) hospitalized or confined to a nursing facility for 30 consecutive days, or (ii) diagnosed with a terminal condition and has a life expectancy of 12 months or less. This benefit is also available to an annuitant and his or her spouse, if the owner is not a natural person.

15. The policies offered by the PFL Account also include an Unemployment Waiver, where PFL will not deduct a surrender charge if the owner or his or her spouse is unemployed. To qualify, the owner (or spouse) must have been: (i) Employed full time for at least two years prior to becoming unemployed, (ii) employed full time at the time PFL issued the Policy, and (iii) unemployed for at least 60 days at a time he or she makes the withdrawal.

16. The policies offered by the Transamerica Account offer a living benefits rider where, subject to certain conditions, Transamerica will not deduct a surrender charge if: (i) An owner receives extended medical care in a qualifying institution for at least 60 days, (ii) if an owner receives medically required hospice or in-home care for at least 60 consecutive days, or (iii) an owner is diagnosed as terminally ill and has a life expectancy of 12 months or less.

17. Subject to certain conditions, Western Reserve will waive the withdrawal charge on surrenders or withdrawals if an owner (or joint owner) has been confined to a nursing care facility for at least 30 consecutive days and the confinement began after the policy date. Western Reserve will waive the surrender charge only for a surrender or withdrawal made during the confinement or within two months after the confinement ends. Western Reserve also waives the surrender charge if an owner has a non-correctable medical condition which will result in death within 12 months from the date Western Reserve receives a written statement of such condition.

18. Policies issued by the PFL Account have a death benefit equal to the greatest of: (i) the policy value on the date PFL receives the required information; (ii) the cash value on the PFL receives the required information, or (iii) the guaranteed minimum death benefit. The policy value is the total amount in the Policy but does not reflect the application of any excess interest adjustment with respect to the fixed account, or any surrender charge, at the time of death. The cash value is the policy value, plus or minus any

applicable excess interest adjustment, less any applicable surrender charge. The policy date is the date on which PFL credits the initial premium payment to the Policy. The guaranteed minimum death benefit is a step-up death benefit equal to the largest policy value (minus any bonus credits credited within 12 months of the payment of the death benefit) on the policy date or any policy anniversary before the owner reaches age 76, plus any premium payments an owner made since then (minus any bonus credits credited within 12 months of the payment of the death benefit), minus any adjusted partial withdrawals PFL paid an owner since then. The step-up death benefit is not available if the owner or the annuitant is 75 or older on the policy date. In those instances, the guaranteed minimum death benefit will equal total premium payments, less any adjusted partial withdrawals as of the date of death. In this case, the guaranteed minimum death benefit will not include any bonus credit. Future Policies may provide different benefits, but such benefits will always be at least the cash value.

19. The policies issued by the Transamerica Account have a death benefit equal to the greater of: (i) the account value minus any bonus credits less than 12 months old at the time of payment of the death benefit; or (ii) premium payments minus partial withdrawals and any premium taxes (not taking into account any bonus credits). If death occurs after an owner's or joint owner's 80th birthday, the death benefit will equal account value minus any bonus credits less than 12 months old at the time of payment of the death benefit: (ii) premium payments minus the proportion of partial withdrawals taken and any premium taxes (not taking into account any bonus credits); or (iii) the highest account value on any policy anniversary prior to the earlier of the owner's or joint owner's 85th birthday, plus premium payments made, minus the proportion of partial withdrawals taken and premium taxes since that anniversary, less any bonus credits credited within 12 months of the payment of the death benefit. If death occurs after an owner's or joint owner's 80th birthday, the death benefit under the rider will equal the greater of (i) or (iii) above.

20. The policies issued by the WRL Account offer both a standard death benefit and (for an additional charge) a compounding minimum death benefit. The standard death benefit equals the greatest of (i) the annuity value (that is, the total amount in a Policy) on the valuation day on which Western Reserve receives proof of the annuitant's death and the beneficiary's election regarding payment (the "death report day") reduced by the amount of any bonus credits credited to the annuity value during the 12 month period before the death report day; (ii) total premium payments as of the death report day (not including any bonus credits), less partial withdrawals; or (iii) an annual step-up. The annual set-up is equal to the highest annuity value on any policy anniversary before the annuitant's 81st birthday. If the policy anniversary with the highest annuity value occurs during the 12 month period before the death report day, then the highest annuity value will be reduced by the amount of any bonus credits credited to the annuity value from the beginning of this 12 month period to the death report date. The highest annuity value will be increased for premium payments made (but not increased for the bonus credits applicable to those premiums), and decreased for any adjustment partial withdrawals following the policy anniversary on which the highest annuity value occurs. The compounding minimum death benefit will pay a benefit equal to the greater of (i) the standard death benefit; or (ii) total premium payments made plus the bonus credit corresponding to the initial premium payment only, plus interest at an effective annual rate of 5% (in most states) from the date of the premium payment to the date of death, less adjusted partial surrenders (including interest on any partial surrender at the 5% rate from the date of the partial surrender to the date of death).

21. For the PFL Policies, the amount applied to the annuity payments is the Policy or account value, increased or decreased by any applicable excess interest adjustments and minus any applicable premium taxes and minus any bonus credits PFL credited within 12 months of the annuity commencement date. Transamerica may deduct a surrender charge on annuitizations before the first contract anniversary (or if the payment option does not involve life contingencies). Western Reserve will apply the annuity value on the maturity date, minus any premium tax that may apply. PFL and Western Reserve do not apply a surrender charge to annuity payments.

22. The policies issued by the PFL Account and WRL Account offer an optional benefit which assures an owner of a minimum level of income on annuitization in the future by guaranteeing a minimum annuitization value at certain times, based on the policy value at the date the rider is issued. Transamerica plans to offer this option in the future. The Companies may also offer owners a dollar cost average program, an asset rebalancing program, and a systematic payout option.

23. The Companies deduct various fees and charges, which may include a daily mortality and expense risk fee; a daily administrative charge; an annual service or contract charge; premium taxes; surrender charges (contingent deferred sales loads); and fees for optional benefits or riders. The Companies do not assess a specific charge for the bonus credit. The Companies expect to use a portion of the mortality and expense risk charge, the administrative fee, and/or the surrender charge to pay for the bonus credit.

24. Applicants seek exemption pursuant to Section 6(c) of the 1940 Act from Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and Rule 22c-1 thereunder to the extent necessary to permit PFL, Transamerica, and Western Reserve to issue Policies that permit recapture of bonus credits under certain circumstances. PFL seeks to recapture the bonus credit when: (i) an owner exercises the "free-look" option available under the Policies; (ii) an owner exercises the Nursing Care and Terminal Condition Withdrawal Option or the Unemployment Waiver within one year from the time the credit is applied; (iii) PFL pays a death benefit within one year from the time it applies the credit; or (iv) an owner annuitizes within one year from the date the bonus credit is applied. Transamerica seeks to recapture the bonus credit when: (i) an owner exercises the "free-look" option under the Policies; (ii) an owner exercises the living benefits rider within one year from the time Transamerica applies the credit; or (iii) Transamerica pays a death benefit within one year from the time it applies the credit. Western Reserve seeks to recapture the bonus credit when: (i) an owner exercises the "free-look" option available under the Policies; (ii) an owner exercises the Nursing Care/ Terminal Condition option within one year from the time the credit is applied; or (iii) Western Reserve pays a death benefit within one year from the time it applies the credit.

Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act authorizes the Commission, by order upon application, to conditionally or unconditionally grant an exemption from any provision, rule or regulation of the Act to the extent that the 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 Act. Because the provisions may be inconsistent with a recapture of a bonus credit, Applicants request exemptions for the Policies described herein, and for Future Policies that are substantially similar in all material respects to the Policies, from Sections 2(a)(32), 22(c) and 27(i)(2)(A) of the 1940 Act, and Rule 22c-1 thereunder, pursuant to Section 6(c), to the extent necessary to recapture the bonus credit applied to a premium payment in the instances described above. Applicants seek exemptions in order to avoid any questions concerning the Policies' compliance with the 1940 Act and rules thereunder. Applicants assert that the recapture of the bonus credit is necessary or 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.

2. Subsection (i) of Section 27 of the 1940 Act provides that Section 27 does not apply to any registered separate account funding variable insurance contracts, nor to the sponsoring insurance company and principal underwriter of such account, except as provided for in paragraph (2) of the subsection. Paragraph (2), in pertinent part, makes it unlawful for any registered separate account funding variable insurance contracts, or for the sponsoring insurance company of such account, to sell any such contract unless such contract is a redeemable security. Section 2(a)(32) of the 1940 Act defines "redeemable security" as any security under the terms of which the holder, upon its presentation to the issuer, is entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent thereof. To the extent that the bonus credit recapture might be seen as a discount from the net asset value, or might be viewed as resulting in the payment to any owner of less than the proportionate share of the issuer's net assets, the bonus credit recapture would trigger the need for relief absent some exemption from the 1940 Act.

3. Applicants state that the Policies are designed to be long-term investment vehicles. In undertaking this financial

obligation, each Company contemplates that an owner will retain a Policy over an extended period, consistent with the long-term nature of the Policies. Applicants further state that each Company designed their product so that it would recover its costs (including the bonus credit) over an anticipated duration while a Policy is in force. If an owner withdraws his or her money from a Policy before this anticipated period, Applicants assert that a Company must recapture the bonus credit in order to avoid a loss.

4. Applicants assert that the recapture of a bonus credit does not violate Section 2(a)(32) of the 1940 Act. The Applicants assert that the bonus recapture provisions in the Policies do not deprive the owner of his or her proportionate share of the issuer's current net assets. An owner's right to the bonus credit will vest in full one year after a Company applies the bonus credit. Until that time, Applicants assert that a Company retains the right and interest in the dollar amount of any unvested bonus credit amount. Thus, Applicants argue that when a Company recaptures a bonus credit, it is only retrieving its own assets, and because an owner's interest in the bonus credit is not vested, such owner would not be deprived of a proportionate share of the Account's assets (the issuer's current net assets) in violation of Section 2(a)(32). Therefore, Applicants assert that such recapture does not reduce the amount of each Account's current net assets an owner would otherwise be entitled to receive. However, to avoid uncertainty as to full compliance with the 1940 Act, the Applicants request an exemption from the provisions of Sections 2(a)(32) and 27(i)(2)(A) to the extent deemed necessary to permit them to recapture the bonus credit under the Policies and Future Policies.

5. Applicants further contend that it would be inherently unfair to allow an owner exercising the free-look privilege in a Policy to retain the bonus credit when returning a Policy for a refund after a period of only a few days (usually 10 or less). If a Company could not recapture the bonus credit, individuals might purchase a Policy with no intention of retaining it, and simply return for a quick profit. By recapturing the bonus credit, a Company will prevent such individuals from doing so.

6. Furthermore, Applicants assert that a Company's recapture of the bonus credit is designed to prevent anti-selection against that Company. Applicants state that the risk of anti-selection is that an owner could make significant premium payments into a

Policy solely in order to receive a quick profit from the credit. Applicants state that each Company generally protects itself from this kind of anti-selection, and recovers its costs in situations where an owner withdraws his or her money early in the life of a Policy, by imposing a surrender charge of up to 8%. However, where an owner withdraws his money pursuant to a "free-look" provision or an unemployment or nursing home waiver, or annuitizes a Policy (or dies), a Company generally does not apply this charge. Applicants state that each Company is only seeking to recapture the bonus credit (which is less than the surrender charge under the Policies) in the circumstances where it does not apply the surrender charge.

7. Applicants assert that the bonus credit provisions are generally favorable to the owners. As any earnings on a bonus credit applied would vest immediately with an owner, likewise any losses on the bonus credit would also vest immediately with an owner. The bonus credit recapture provisions do not diminish the overall value of the bonus credit. However, to avoid uncertainty as to full compliance with the 1940 Act, Applicants request an exemption from the provisions of sections 2(a)(32) and 27(i)(2)(A) to the extent deemed necessary to permit them to recapture the bonus credit under the Policies and Future Policies.

8. Section 22(c) of the 1940 Act states that the Commission may make rules and regulations applicable to registered investment companies and to principal underwriters of, and dealers in, the redeemable securities of any registered investment company to accomplish the same ends as contemplated by Section 22(a) of the 1940 Act. Rule 22c-1, promulgated under Section 22(c) of the 1940 Act, in pertinent part, prohibits a registered investment company issuing a redeemable security (and a person designated in such issuer's prospectus as authorized to consummate transactions in such security, and a principal underwriter of, or dealer in, any security) from selling, redeeming, or repurchasing any such security except at a price based on the current net asset value of such security.

9. Applicants state that a Company's addition of the bonus credit might arguably be viewed as resulting in an owner purchasing a redeemable security for a price below the current net asset value. Further, by recapturing the bonus credit, a Company might arguably be redeeming a redeemable security for a price other than one based on the current net asset value of an Account. Applicants assert that the bonus credit

does not violate Section 22(c) and Rule 22c-1. Applicants further state that an owner's interest in his or her policy value or in an Account would always be offered at a price next determined on the basis of net asset value and that the granting of a bonus credit does not reflect a reduction of that price. Applicants state that the Companies will purchase with their own general account assets an interest in an Account equal to the bonus credit. Applicants assert that because the bonus credit will be paid out of the Company assets, not Account assets, no dilution will occur as a result of the credit.

10. Applicants argue that the recapture of the bonus credit does not involve either of the evils that the Commission intended to eliminate or reduce with Rule 22c-1. The Commission's stated purpose in adopting Rule 22c-1 was to avoid or minimize: (i) dilution of the interests of other security holders; and (ii) speculative trading practices that are unfair to such holders. Applicants assert that the proposed recapture of the bonus credit does not pose such threat of dilution. The bonus credit recapture will not alter an owner's net asset value. Each Company will determine an owner's net cash surrender value under a Policy in accordance with Rule 22c-1 on a basis next computed after receipt of an owner's request for surrender (likewise, the calculation of death benefits and annuity payment amounts will be in full compliance with the forward pricing requirement of Rule 22c-1). The amount recaptured will equal the amount of the bonus credit that a Company paid out of its general account assets. Although an owner will retain any investment gain attributable to the bonus credit, a Company will determine the amount of such gain on the basis of the current net asset value of a sub-account. Applicants further assert that the credit recapture does not create the opportunity for speculative trading calculated to take advantage of backward pricing.

11. Applicants assert that Rule 22c-1 and Section 22(c) should have no application to the bonus credit, as neither of the harms that Rule 22c-1 was designed to address are found in the recapture of the bonus credit. However, to avoid uncertainty as to full compliance with the 1940 Act, the Applicants request an exemption from the provisions of Section 22(c) and Rule 22c-1 to the extent deemed necessary to permit them to recapture the bonus credit under the Policies and Future Policies.

12. Applicants argue that a Company should be able to recapture such bonus

credit to protect itself from investors wishing to use the Policy as a vehicle for a quick profit at a Company's expense, and to enable a Company to limit potential losses associated with such bonus credit.

13. Applicants request exemptions from Sections 2(a)(32), 22(c), and 27(i)(2)(A) of the 1940 Act and Rule 22c-1 thereunder, to the extent necessary to permit the Applicants to recapture the bonus credit applied to a premium payment in the circumstances described above. Applicants assert that additional requests for exemptive relief would present no issues under the 1940 Act not already addressed herein. Applicants state that if the Applicants were to repeatedly seek exemptive relief with respect to the same issues addressed herein, investors would not receive additional protection or benefit, and investors and the Applicants could be disadvantaged by increased costs from preparing such additional requests for relief. Applicants argue that the requested class relief is appropriate in the public interest because the relief will promote competitiveness in the variable annuity market by eliminating the need for the Companies or their affiliates to file redundant exemptive applications, thereby reducing administrative expenses and maximizing efficient use of resources.

Conclusion

For the reasons set forth above, Applicants believe that the exemptions requested are necessary and 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, and consistent with and supported by Commission precedent.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-24127 Filed 9-19-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [To Be Published]

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: To be published.

CHANGE IN THE MEETING: Additional Meeting.

An additional open meeting will be held on Thursday, September 21, 2000 at 8:30 a.m., in Room 1C30.

Commissioner Hunt, as duty officer, determined that no earlier notice thereof was possible.

The subject matter of the open meeting scheduled for Thursday, September 21, 2000 at 8:30 a.m. will be:

The Commission will hold public hearings on its proposed rule amendments concerning auditor independence. The purpose of the hearings is to give the Commission the benefit of the views of interested members of the public regarding the issues raised and questions posed in the Proposing Release (33-7870). For further information, contact: John M. Morrissey, Deputy Chief Accountant or W. Scott Bayless, Associate Chief Accountant, Office of the Chief Accountant at (202) 942-4400.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary (202) 942-7070.

Dated: September 14, 2000.

Jonathan G. Katz,
Secretary.

[FR Doc. 00-24194 Filed 9-15-00; 5:04 pm]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: 65 FR 56351.

STATUS: Open Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: September 18, 2000.

CHANGE IN THE MEETING: Time Change.

The open meeting scheduled for Wednesday, September 20, 2000 at 9 a.m., has been changed to Wednesday, September 20, 2000, at 8:30 a.m.

At times, changes in Commission priorities require alternations in the scheduling of meeting items. for further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.