| Form #(s) | Annual responses | Estimated completion time (min) | Burden (hrs) |
|---|---|---|---|
| G–421f | 300 | 5 | 25 |

**ADDITIONAL INFORMATION OR COMMENTS:** To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, please call the RRB Clearance Officer at (312) 751–3363. Comments regarding the information collection should be addressed to Ronald J. Hodapp, Railroad Retirement Board, 844 N. Rush Street, Chicago, Illinois 60611–2092. Written comments should be received within 60 days of this notice.

**Chuck Mierzwa,**

*Clearance Officer.*

[FR Doc. 00–1117 Filed 1–14–00; 8:45 am]

**BILLING CODE 7905–01–M**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. IC–24237; File No. 812–11638]**

## Pacific Life Insurance Company, et al.; Notice of Application

January 11, 2000.

**AGENCY:** Securities and Exchange Commission (''SEC'' or ''Commission'').

**ACTION:** Notice of application for an order of approval pursuant to Section 26(b) of the Investment Company Act of 1940 (the ''Act'') and an order granting exemptive relief pursuant to Section 17(b) of the Act from the provisions of section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants seek an order under Section 26(b) for the Act to permit each subaccount of Pacific Life Insurance Company (''Pacific Life'') that serves as a funding vehicle for the Pacific Innovations Trust variable annuity contracts (''Variable Contracts''), to replace shares of each portfolio of Pacific Innovations Trust with shares of a designated portfolio of Pacific Select Fund. Applicants also seek an exemption from Section 17(a) of the Act to the extent necessary: (i) To permit the consolidation of Pacific Life Insurance Company Separate Account A (''Separate Account A''), a segregated asset account of Pacific Life that serves as a funding vehicle for certain variable annuity contracts issued by Pacific Life, and Separate Account B (collectively, the ''Accounts''), by transferring the assets and liabilities of Separate Account B to Separate Account A; and (ii) to permit Applicants to carry out the substitutions described herein by way of in-kind redemptions and purchases.

*Applicants:* Pacific Life Insurance Company, Pacific Life Insurance Company Separate Account A, Pacific Life Insurance Company Separate Account B, Pacific Select Fund (''Select Fund''), and Pacific Innovations Trust (''Innovations Trust'').

*Filing Dates:* The application was filed on May 28, 1999, and was amended and restated on December 9, 1999.

*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 should be received by the SEC by 5:30 p.m., on February 2, 2000, and should be accompanied by proof of service on Applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, Commission, 450 Fifth Street, N.W., Washington, DC 20549–0609. Applicants, c/o Robin Yonis Sandlaufer, Esq., Vice President and Investment Counsel, Pacific Life Insurance Company, 700 Newport Center Drive, Newport Beach, CA 92660.

**FOR FURTHER INFORMATION CONTACT:** Paul G. Cellupica, Senior Counsel, or Susan M. Olson, 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 SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, DC 20549 (202–942–8090).

### Applicant's Representations

1. Pacific Life is a life insurance company that is domiciled in California. Its operations include both life insurance and annuity products as well as financial and retirement services. As of December 31, 1998, Pacific Life managed $290 billion in assets. Pacific Life is authorized to conduct a life insurance and annuity business in the District of Columbia and all states except New York. Pacific Life was originally organized on January 2, 1868, under the name ''Pacific Manual Life Insurance Company of California'' and reincorporated as ''Pacific Mutual Life Insurance Company'' on July 22, 1936. On September 1, 1997, it converted from a mutual life insurance company to a stock life insurance company ultimately controlled by a mutual holding company. Pacific Life is the depositor for the Accounts.

2. Separate Account A is a segregated asset account of Pacific Life and is registered under the Act as a unit investment trust. Separate Account A serves as a funding vehicle for variable annuity contracts issued by Pacific Life known as ''Pacific Portfolios,'' ''Pacific One,'' and ''Pacific Value.'' Separate Account A currently has 20 subaccounts, each investing in a portfolio of the Select Fund.

3. Separate Account B is a segregated asset account of Pacific Life and is registered under the Act as a unit investment trust. Separate Account B was established by Pacific Life and serves as a funding vehicle for the Variable Contracts. Separate Account B is divided into seven subaccounts each of which invests in a separate portfolio of Innovations Trust.

4. Innovations Trust is registered as an open-end management investment company under the Act and currently offers seven investment portfolios (''Innovations Portfolios''). Other than shares purchased by an affiliate of Pacific Life in connection with the initial capitalization of Innovations Trust, shares of the Innovations Portfolios are sold to and held only by Separate Account B.

5. Select Fund is a registered open-end management investment company that currently offers 20 separate portfolios (the ''Select Portfolios'') which are available to Separate Account A Contractholders. Shares of Select Fund currently are offered only to Pacific Life separate accounts for the purpose of serving as an investment vehicle for variable annuity and variable life insurance contracts offered or administered by Pacific Life.

6. Pacific Mutual Distributors (''PMD'') serves as Distributor for the Variable Contracts. PMD is an indirect subsidiary of Pacific Life and is registered as a broker-dealer with the Commission. Pursuant to selling agreements with Pacific Life and PMD, broker-dealers that are affiliated with or closely related to Bank of America Corporation (''Broker-Dealers'') have been appointed to solicit and/or accept applications for the Variable Contracts. The Broker-Dealers are the sole broker-dealers that are appointed to solicit and/or accept applications for the Variable Contracts. Bank of America Corporation recently merged with NationsBank Corporation to form a new bank holding company called BankAmerica Corporation. PMD and Pacific Life have been informed that the Broker-Dealers no longer intend to actively market the Variable Contracts.

7. Innovations Trust has no source of incoming assets other than the Variable Contracts. At present, Pacific Life does not intend to seek other potential sellers for the Variable Contracts other than the Broker-Dealers. Thus, the risk is presented that Innovations Trust will not grow, and indeed may shrink, and a question is presented as to whether Innovations Trust is an appropriate investment medium for the Variable Contracts.

8. The Substitutions reflect a determination by Pacific Life to ensure that owners of the Variable Contracts (''Contractholders'') have available under their Variable Contracts a viable mutual fund with good prospects for growth so that Contractholders will have an appropriate investment vehicle to help meet their investment goals under the Variable Contracts.

9. Accordingly, pursuant to its authority under the respective Variable Contracts and the prospectuses describing the same, and subject to the approval of the Commission under Section 26(b) of the Act, Pacific Life has determined that each subaccount of Separate Account B will replace securities issued by each Innovations Portfolio with securities of a designated Select Portfolio that in each case has investment objectives and policies that are sufficiently similar to those of the corresponding Innovations Portfolio so that Contractholders will have reasonable continuity in investment and risk expectations. Each replacement of an Innovations Portfolio by a designated Select Portfolio is indicated below:

| Current innovations portfolio | Replacement select portfolio |
|---|---|
| Money Market Fund | Money Market Portfolio |
| Managed Bond Fund | Managed Bond Portfolio |
| Capital Income Fund | Multi-Strategy Portfolio |
| Blue Chip Fund | Equity Portfolio |
| Mid-Cap Equity Fund | Growth LT Portfolio |
| Aggressive Growth Fund. | Aggressive Equity Portfolio |
| International Fund | International Portfolio |

The Select Portfolios that would receive monies or in-kind securities from the Innovations Portfolios as a result of the proposed substitutions (''Substitutions'') are referred to herein as ''Affected Select Portfolios.'' Other Select Portfolios (''Additional Portfolios'') will be available after the substitution is effected as options for Contractholders.

10. Applicants believe that replacing the current Innovations Portfolios with the Select Portfolios is appropriate and in the best interests of Contractholders, who will benefit from an underlying fund with approximately $10 billion in assets. The proposed Substitutions also provide Contractholders with: (1) Underlying portfolios having lower expense ratios with the expectation that after the Substitutions, the ratios will remain lower; (2) competitive historical portfolio performance; (3) a competitive lineup of adviser and subadvisers; (4) investment in a fund that underlies Pacific Life's proprietary variable annuity and life insurance contracts, and therefore in a fund to which Pacific Life has a very strong commitment; and (5) an expanded array of variable investment options for Contractholders.

11. The replacement of the Innovations Money Market Fund with the Select Money Market Portfolio will provide Contractholders with a substantially similar money market vehicle. The following table compares the respective asset levels, performance and annual net expense ratios of these two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels | Expense ratios | Performance (total return) |
|---|---|---|---|---|
| Select Money Market Portfolio | Pacific Life | $479,687,524 | 0.43% | • 1 YEAR: 5.29%.<br>• 3 YEAR: 5.22%.<br>• 5 YEAR: 4.99%. |
| Innovations Money Market Fund | Bank of America | 6,790,573 | 0.60% | • 1 YEAR: 5.07%.<br>• 3 YEAR: N/A.<br>• 5 YEAR: N/A. |

12. Although not identical, the investment objectives, policies and strategies of the Innovations Managed Bond Fund are comparable to those of the Select Managed Bond Portfolio. The following table compares the respective asset levels, performance and annual net expense ratios of these two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels | Expense ratios | Performance (total return) |
|---|---|---|---|---|
| Select Managed Bond Portfolio | PIMCO | $861,137,477 | 0.66% | • 1 YEAR: 9.20%.<br>• 3 YEAR: 7.76%.<br>• 5 YEAR: 7.34%. |
| Innovations Managed Bond Fund | Scudder Kemper Investments, Inc. | 18,489,218 | 0.75% | • 1 YEAR: 6.89%.<br>• 3 YEAR: N/A.<br>• 5 YEAR: N/A. |

13. Although not identical, the investment objectives, policies and strategies of the Innovations Capital Income Fund are sufficiently similar to those of the Select Multi-Strategy Portfolio so that Contractholders will

have reasonable continuity in investment and risk expectations. The following table compares the respective asset levels, performance and annual net expense ratios of these two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels<br>Expense ratios | Perform-ance | |
|---|---|---|---|---|
| Select Multi-Strategy Portfolio | J.P. Morgan Investment | $599,329,997 | 0.71% | •–1 YEAR: 18.17%.<br>•–3 YEAR: 16.75%.<br>•–5 YEAR: 14.44%. |
| Innovations Capital Income Fund | Bank of America | 26,075,616 | 0.87%. | •–1 YEAR: 7.06%.<br>•–3 YEAR: N/A.<br>•–5 YEAR: N/A. |

14. Although not identical, the investment objectives, policies, and strategies of the Innovations Blue Chip Fund are comparable to those of the Select Equity Portfolio. The following table compares the respective asset levels, performance and annual net expense ratios of these two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels | Expense ratios | Performance |
|---|---|---|---|---|
| Select Equity Portfolio | Goldman Sachs Asset Management | $503,822,368 | 0.71% | •–1 YEAR: 30.28%.[1]<br>•–3 YEAR: 25.36%.<br>•–5 YEAR: 18.84%. |
| Innovations Blue Chip Fund | Bank of America | 36,412,256 | 0.94% | •–1 YEAR 27.80%.<br>•–3 YEAR: N/A.<br>•–5 YEAR: N/A. |

[1] GSAM began serving as Portfolio Manager on May 1, 1998. Prior to that, a different firm served as Portfolio Manager.

15. Although not identical, the investment objectives, policies, and strategies of the Innovations Mid-Cap Equity Fund are comparable to those of the Select Growth LT Portfolio. The following table compares the respective asset levels, performance and annual net expense ratios of these two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels | Expense ratios | Performance |
|---|---|---|---|---|
| Select Growth LT Portfolio | Janus | $1,312,741,866 | 0.80% | • 1 YEAR: 58.29%.<br>• 3 YEAR: 27.45%.<br>• 5 YEAR: N/A. |
| Innovations Mid-Cap Equity Fund | Bank of America | 16,588,510 | 0.94% | • 1YEAR: 17.18%.<br>• 3 YEAR: N/A.<br>• 5 YEAR: N/A. |

16. Although not identical, the investment objectives, policies and strategies of the Innovations Aggressive Growth Fund are comparable to those of the Select Aggressive Equity Portfolio. The following table compares the respective asset levels, performance and annual net expense ratios of these two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels | Expense ratios | Performance |
|---|---|---|---|---|
| Select Aggressive Equity Portfolio | Alliance Capital | $219,402,961 | 0.89% | • 1 YEAR: 13.22%.<br>• 3 YEAR: N/A.<br>• 5 YEAR: N/A. |
| Innovations Aggressive Growth Fund | Bank of America | 11,069,644 | 1.02% | • 1 YEAR: (1.77%).<br>• 3 YEAR: N/A.<br>• 5 YEAR: N/A. |

[1] Alliance Capital Management began serving as Portfolio Manager on May 1, 1998. Prior to that date, another firm served as Portfolio Manager.

17. Although not identical, the investment objectives, policies, and strategies of the Innovations International Fund are comparable to those of the Select International Portfolio. The following table compares the respective asset levels, performance and annual net expense ratios of the two portfolios as of December 31, 1998.

| Portfolio | Fund manager | Asset levels | Expense ratios | Performance |
|---|---|---|---|---|
| Select International Portfolio [1] | Morgan Stanley Asset Management | $997,300,194 | 1.00% | • 1 YEAR: 5.60%. [2]<br>• 3 YEAR: 12.04%.<br>• 5 YEAR: 9.88%. |
| Innovations International Fund | Wellington Management Company, LLP. | 11,127,372 | 1.24% | • 1 YEAR: 11.63%.<br>• 3 YEAR: N/A.<br>• 5 YEAR: N/A. |

[1] Effective January 1, 2000, the name of the International Portfolio was changed to the ''International Value Portfolio.'' The Portfolio's investment objective and policies remain the same.

[2] Morgan Stanley Asset Management began serving as the Portfolio Manager on June 1, 1997. Prior to that date, other firms served as Portfolio Manager.

18. As of the effective date of the Substitutions (''Effective Date''), shares of the Innovations Portfolios will be redeemed in cash and in-kind by Pacific Life. The proceeds of such redemptions will then be used to purchase shares of the Affected Select Portfolios, either by cash or in-kind purchase, with each subaccount of Separate Account B investing the proceeds of its redemption from the Innovations Portfolio in the corresponding Affected Select Portfolio. The Substitutions will take place at respective net asset values. The contract value of any affected Contractholder immediately after the Substitutions shall be the same as the value immediately before the Substitutions.

19. Pacific Life will bear the costs of any legal or accounting fees of the Substitutions and transactional expenses, including brokerage commissions, in liquidating the assets of the Innovations Portfolios to be able to make payment to Separate Account B in connection with the Substitutions. Contractholders will not incur any additional fees or charges as a result of the Substitutions, nor will their rights or obligations under any of the Variable Contracts diminish in any way.

20. Contractholders were notified of the application by means of a supplement to the prospectus for the Variable Contracts that discloses that Applicants would be filing the application and are seeking approval for the Substitutions.

21. Following the date on which the order requested by the application is issued, but before the Effective Date of the Substitutions, a notice (''Substitution Notice''), in the form of an additional supplement to the prospectuses for the Variable Contracts, will be mailed to Contractholders setting forth the scheduled Effective Date of the Substitutions and advising Contractholders that contract values attributable to investments in the Innovations Portfolios will be transferred to the subaccounts corresponding to the Affected Select Portfolio, without charge, on the Effective Date.

22. The Substitution Notice will state that Contractholders may make transfers of contract value among the variable investment options without limit and without any charge for a period of at least 60 days from the Effective Date, and that an exchange of subaccount annuity units may be made during such period in addition to the four that are permitted in a 12-month period.

23. In light of the fact that Applicants intend, through the Substitutions, for Separate Account B to invest in shares of the same underlying mutual fund portfolios in which the subaccounts of Separate Account A now invest, Pacific Life may determine that no valid business purpose would be served by maintaining two distinct separate accounts investing in the same underlying fund. Accordingly, to avoid the duplication that would result and to save the cost of maintenance of Separate Account B, Pacific Life seeks an exemption to the extent necessary to permit the consolidation of the Accounts by transferring the assets and liabilities of Separate Account B to Separate Account A (such transfer is referred to hereing as the ''Proposed Transaction''). Separate Account A would continue to exist. The effect of the foregoing transaction would be that, as of the closing date for the Proposed Transaction, Separate Account A would support the Variable Contracts (*e.g.,* those currently funded by Separate Account B), as well as the variable contracts designated as Pacific Portfolios, Pacific One and Pacific Value.

24. The Proposed Transaction would be effected with no change in the aggregate value of the subaccount units (both accumulation and annuity units) involved. There would be no change in the Contractholders' contract value and no charges would be imposed or other deductions made in connection therewith. The transaction would be effected by transferring the assets and corresponding liabilities of a subaccount of Separate Account B to the corresponding subaccount of Separate Account A, which will be the subaccount that invests in the Select Portfolio that will have previously been substituted for the Innovations Portfolio.

**Applicant's Legal Analysis**

1. Section 26(b) of the Act makes it unlawful for any depositor or trustee of a unit investment trust that invests exclusively in the securities of a single issuer from substituting the securities of another issuer without the approval of the Commission. Section 26(b) provides such approval shall be granted by order of the Commission, if the evidence establishes that it is consistent with the protection of investors and the purposes of the Act.

2. Section 26(b) was intended to provide for Commission scrutiny of proposed substitutions which could, in effect, force shareholders with the substitute security to redeem their shares, thereby possibly incurring a loss of the sales load deducted from initial purchase payments, an additional sales load upon reinvestment of the proceeds of redemption, or both. The section was designed to forestall the ability of a depositor to present holders of interest in a unit investment trust with situations in which a holder's only choice would be to continue an investment in an unsuitable security, or to elect a costly and, in effect, forced redemption. For the reasons described below, Applicants submit that the Substitutions meet the standards set forth in Section 26(b) and that, if implemented, the Substitutions would not raise any of the aforementioned concerns that Congress intended to address when the Act was amended to include this provision.

3. Applicants assert that the replacement of each of the Innovations Portfolios with each of the corresponding Select Portfolios is appropriate and in the interests of Contractholders and, thus, meets the standards necessary to support an order pursuant to Section 26(b) of the Act. The Select Portfolios have comparable investment objectives and policies as those of the Innovations Portfolios.

4. Apart from the Substitution of the underlying investment vehicle, the rights of the Contractholders and the obligations of Pacific Life under the Variable Contracts would not be altered by the Substitutions except, of course, that Contractholders will not have the right to retain their beneficial interest in the Innovations Portfolios. Contractholders will not incur any additional tax liability as a result of the Substitutions. Also, the rights and obligations of Pacific Life under the Variable Contracts will not be altered in any way in connection with the Substitution. As previously noted, Contractholders will not incur any additional fees or charges as a result of the Substitutions, including any legal or accounting fees of the Substitutions and transactional expenses, including brokerage commissions, in liquidating the assets of the Innovations Portfolios to be able to make payments to Separate Account B with the Substitutions.

5. In accordance with procedures to be implemented by Applicants, Contractholders will have the right to transfer cash values among the subaccounts invested in the Select Portfolios, including the Additional Portfolios under their Variable Contracts, without incurring any additional fees or charges with respect to the transfer until at least 60 days after the Effective Date of the Substitutions. For purposes of the restriction on exchanges after annuitization, an exchange of subaccount annuity units during such 60-day period will not count as an exchange for purposes of the limit of four such exchanges in a twelve-month period. Each Contractholder has received a prospectus supplement and will, prior to the Effective Date, receive a Substitution Notice (in the form of an additional prospectus supplement) regarding the Substitutions, together with information about other available investment options and a prospectus for Select Fund.

6. Applicants assert that the procedures to be implemented are sufficient to assure that Contractholders' accounts values immediately before the Substitutions shall be equal to the account values immediately after the Substitutions, and that Substitutions will not affect the value of the interests of those owners of Pacific Life variable contracts who currently have contract value allocated to any of the Select Portfolios. Applicants state that any in-kind redemptions and purchases for purposes of the Substitution will be effected in a manner consistent with the investment objectives and policies of the respective underlying funds. Pacific Life or the Portfolio Managers of the Select Fund will review the in-kind redemptions to assure that assets to be transferred are a suitable investment for the substitute Select Portfolios in the overall context of such fund's investment objectives and policies. Securities to be paid out as redemption proceeds and subsequently contributed to the respective substitute Select Portfolios to effect the contemplated in-kind purchases of shares, will be valued based on the normal valuation procedures of the redeeming and purchasing funds and, consistent with Rule 17a–7(d) under the Act, no brokerage commission, fees or other remuneration will be paid in connection with the in-kind transactions. Applicants submit that, for all the reasons stated above, and particularly to ensure that a viable mutual fund is available as an investment vehicle for the Variable Contracts, the Substitutions are consistent with the protection of investors and the purposes faily intended by the policy of the Variable Contracts and provisions of the Act.

7. Section 17(a)(1) of the Act, in relevant part, prohibits any affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from knowingly selling any securities or other property to such registered investment company. Section 17(a)(2) of the Act generally prohibits such persons from knowingly purchasing any security or other property from the registered investment company.

8. Section 17(b) of the Act provides that any person may apply for an order of exemption from the provisions of Section 17(a) in connection with a transaction prohibited by that section, and that the Commission shall grant such an application if evidence establishes that: (i) the terms of the proposed transaction, including the consideration to be paid or received are reasonable and fair and do not involve overreaching on the part of any person concerned; (ii) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the Act; and (iii) the proposed transaction is consistent with the general of the Act.

9. Applicants asserts that the terms under which the in-kind redemptions and purchases will be effected are reasonable and fair and do not involve overreaching on the part of any person because the Substitutions will not dilute the interests of any affected Contractholder. The proposed Substitutions will result in situations where in-kind redemptions and purchases are more efficient and where a Select Portfolio elects to accept/purchase a security held by the Innovations Portfolio. The use of in-kind redemptions of such subaccounts are intended to reduce costs and thereby benefit contractholders. The in-kind redemptions and purchases will be done at values consistent with the policies of both the Innovations Portfolios and the Affected Select Portfolios. Both Pacific Life and the Portfolio Manager of each Affected Select Portfolio will review the securities holdings of the Innovations Portfolio and determine whether in-kind redemptions and purchases would be a suitable investment for the Affected Select Portfolio in the overall context of such fund's investment objectives and policies and consistent with their management of the Affected Select Portfolio. Applicants state that securities to be paid out as redemption proceeds and subsequently contributed to the respective Affected Select Portfolios to effect the contemplated in-kind purchases of shares, will be valued based on the normal valuation procedures of the redeeming and purchasing Portfolios. Any inconsistences in valuation procedures between the Innovations Portfolio and the Affected Select Portfolio will be reconciled so that the redeeming and purchasing values are the same. Therefore, there will be no change in value to any Contractholder as a result of the Substitutions.

10. Applicants believe that the terms of the Proposed Transaction described in the application, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching; and are consistent with the general purpose of the Act; and therefore meet the conditions for receiving exemptive relief under Section 17(b). The Commission has previously granted exemptions from Section 17(a) to permit the combination or consolidation of separate accounts registered as unit investment trusts, and has also granted numerous exemptions from section 17(a) to permit the consolidation of subaccounts of a separate account registered as a unit investment trust in connection with a substitution. In addition, the Commission has granted exemptions from Section 17(a) to permit in-kind redemptions and purchases to carry out substitutions.

**Applicants' Conditions**

For purposes of the approval sought pursuant to Section 26(b) of the Act, the Substitutions described in the application will not be completed, unless all of the following conditions are met:

1. The Commission shall have issued an order (i) approving the Substitutions under Section 26(b) of the Act; (ii) exempting the consolidation of Separate Account A and Separate Account B from the provisions of Section 17(a) of the Act; and (ii) exempting any in-kind redemptions and purchases from the provisions of Section 17(a) of the Act as necessary to carry out the transactions described in the application.

2. Each Contract holder will have been sent: (i) A copy of the effective prospectus relating to each of the Affected Select Portfolios and any necessary amendments to the prospectuses relating to the Variable Contracts; and (ii) as soon as reasonable possible after order has been issued and prior to the Effective Date of the Substitutions, a notice describing the terms of the Substitutions and the rights of the Contractholders in connections with the substitutions.

3. Pacific Life shall have satisfied itself, that: (i) The Variable Contracts allow the substitution of portfolios in the manner contemplated by the Substitutions and related transactions described herein; (ii) the transactions can be consummated as described in the application under applicable insurance laws; and (ii) that any applicable regulatory requirements in each jurisdiction where the Variable Contracts are qualified for sale, have been complied with to the extent necessary to complete the transactions.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 00–1057 Filed 1–14–00; 8:45 am]

BILLING CODE 8010–01–M

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting; Notice

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94–409, that the Securities and Exchange Commission will hold the following meeting during the week of January 17, 2000.

A closed meeting will be held on Thursday, January 20, 2000 at 11:00 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(A) and (10), permit consideration for the scheduled matters at the closed meeting.

Commissioner Johnson, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matters of the closed meeting scheduled for Thursday, January 20, 2000, will be:

A litigation matter;

Institution and settlement of injunctive actions; and

Institution and settlement of administrative proceedings of an enforcement nature.

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 at (202) 942–7070.

Dated: January 11, 2000.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 00–1124 Filed 1–12–00; 4:19 pm]

BILLING CODE 8010–01–M

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–42325; File No. SR–NASD–99–60]**

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Trading in Hot Equity Offerings

January 10, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on October 15, 1999, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), through its wholly owned subsidiary NASD Regulation, Inc. (''NASD Regulation''), filed with the Securities and Exchange Commission (''Commission'' or ''SEC'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD Regulation. On December 21, 1999, NASD Regulation submitted Amendment No. 1 to the proposed rule change.[3] The Commission is publishing this notice of the rule change, as amended, to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASD Regulation proposes to establish Rule 2790, Trading in Hot Equity Offerings, to replace the Free-Riding and Withholding Interpretation, IM–2110–1. Below is the text of the proposed rule change. Proposed Rule 2790 contains all new language. In the other proposed changes, additions are italicized and deletions are bracketed.

IM–2110–1. [''Free-Riding and Withholding''[

Deleted in its entirety and replaced with:

*Reserved.*

* * * * *

IM–2750. Transactions with Related Persons

A member who is acting, or plans to act, as sponsor of a unit investment trust will not violate Rule 2750 if it accumulates securities with respect to which the member has acted as a syndicate member, selling group member or reallowance dealer in an account of the member or related person of the member if, at the time of accumulation, the member in good faith intends to deposit the securities into the unit investment trust at the public offering price and intends to make a bona fide public offering of the participation units of that trust. Members engaged in such activity, however, will continue to be subject to *Rule 2790.* [IM–2110–1, ''Free-Riding and Withholding.'']

Rule 2790. Trading in Hot Equity Offerings

(a) Definitions

(1) ''Affiliate'' shall have the same meaning as in Rule 2720(b)(1).

(2) ''Beneficial interest'' means any ownership or other direct financial interest.

(3) ''Collective investment account'' means any hedge fund, investment partnership, investment corporation, or any other collective investment vehicle that manages assets of other persons. Collective investment account shall not include any entity in which the decision to buy or sell securities is made jointly

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

[2] 17 CFR 240.19b–4.

[3] *See* letter from Gary L. Goldsholle, Assistant General Counsel, NASD Regulation, to Katherine A. England, Assistant Director, Division of Market Regulation, Commission, dated December 20, 1999 (''Amendment No. 1''). In Amendment No. 1, NASD Regulation makes certain technical amendments to the proposed rule change.