

similar to those of the corresponding class of shares of the Acquiring Funds into which they will be reorganized.⁴ For purposes of calculating the deferred sales charges of shares of Acquiring Fund classes that charge a contingent deferred sales load, shareholders of the Acquired Funds will be deemed to have held the shares of the corresponding Acquiring Fund since the date the shareholders initially purchased the shares of the Acquired Fund.

6. Applicants state that the investment objectives, policies, and restrictions of each Acquiring Fund are substantially similar to those of its corresponding Acquired Fund. No sales charge will be imposed in connection with the Reorganizations. The Plans provide that Acquiring Fund shares will be distributed pro rata to the shareholders of record in the applicable Acquired Fund class, determined as of the close of business immediately prior to the Effective Time, in complete liquidation of each Acquired Fund. Applicants anticipate that the Reorganizations will be completed on or about November 27, 2000.

7. The Boards, including the Independent Directors, unanimously found that participation in the Reorganizations is in the best interest of each Fund and its shareholders and that the interests of existing shareholders of the Funds will not be diluted as a result of the Reorganizations. In approving the Reorganizations, the Boards considered, among other things, (a) the potential effect of the Reorganizations; (b) the expense ratios of the Acquiring Funds and the Acquired Funds; (c) the compatibility of the investment objectives and investment strategies of the Acquiring Funds and the Acquired Funds; (d) the terms and conditions of the Plans; and (e) the tax-free nature of the Reorganizations. FIRMCO or one of its affiliates (not the Funds) will assume all expenses incurred by the Funds in connection with the Reorganizations.

8. The Plans may be terminated by mutual written consent of the Acquiring Funds and Acquired Funds at any time prior to the Effective Time. In addition, either party may terminate the Plans in writing without liability to the terminating party if certain conditions are not satisfied prior to the Effective Time.

9. The registration statement on Form N-14 for Firstar (which contains a combined prospectus/proxy statement for each of Stellar and Mercantile) was

filed with the Commission on September 7, 2000, and the registration statement was declared effective on October 7, 2000. The combined prospectus/proxy statements contained in the N-14 registration statement were mailed to shareholders of Stellar and Mercantile on October 23, 2000. The definitive proxy materials for Select were filed with the Commission on October 6, 2000, and were sent to the shareholders of Select on October 11, 2000. A special meeting of shareholders of Select to consider the Reorganizations is to be held on November 8, 2000, and special meetings of the shareholders of Stellar and Mercantile are to be held on November 24, 2000.

10. The consummation of the Reorganizations is subject to certain conditions, including: (a) A registration statement under the Securities Act of 1933 for the Acquiring Funds will have become effective; (b) the Acquired Fund shareholders will have approved the Plans; (c) applicants will have received exemptive relief from the Commission to permit the Reorganizations; (d) the Funds will have received an opinion of counsel concerning the tax-free nature of the Reorganizations; and (e) each Acquired Fund that is not reorganizing into a corresponding Shell Acquiring Fund will have declared a dividend to distribute substantially all of its investment company taxable income and net capital gain, if any, to its shareholders. Applicants agree not to make any material changes to the Plans that affect the application without prior Commission approval.

Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person that directly or indirectly owns, controls, or holds with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the other person; and (c) any person directly or indirectly controlling, controlled by, or under common control with the other person.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated

persons of an affiliated person, solely by reason of having a common investment adviser, common directors/trustees, and/or common officers, provided that certain conditions set forth in the rule are satisfied.

3. Applicants state that the Firstar Group holds of record more than 5% (and in some cases more than 25%) of the outstanding voting securities of certain Funds. Because of this ownership, applicants state that these Funds may be deemed affiliated persons for reasons other than those set forth in rule 17a-8 and therefore unable to rely on the rule. Applicants request an order pursuant to section 17(b) of the Act exempting them from section 17(a) to the extent necessary to consummate the Reorganizations.

4. Section 17(b) of the Act provides that the Commission may exempt a transaction from the provisions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

5. Applicants submit that the terms of the Reorganizations satisfy the standards set forth in section 17(b). Applicants note that the Boards, including all of the Independent Directors, found that participation in the Reorganizations is in the best interests of each Fund and its shareholders and that the interests of the existing shareholders of each Fund will not be diluted as result of the Reorganizations. Applicants also note that the Reorganizations will be based on the Funds' relative net asset value.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 00-28795 Filed 11-8-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24728; File No. 812-12068]

National Life Insurance Company, et al.; Notice of Application

November 3, 2000.

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

ACTION: Notice of Application for an order under the Investment Company

⁴ The two classes of Select Fund will be reorganized into one class of Firstar REIT Fund, which, unlike the classes of Select Fund, is not subject to a distribution or shareholder servicing plan.

Act of 1940 (the "Act") approving certain substitutions of securities and an order of exemption pursuant to Section 17(b) of the Act from Section 17(a) of the Act.

Summary of Application: Applicants seek an order approving the substitution of securities issued by certain management investment companies (each a "Management Company") and held by either the Annuity Account or the Life Account (each, an "Account," together, the "Accounts") to support variable annuity contracts or variable life insurance contracts (collectively, the "Contracts") issued by NLIC. Applicants also seek an order of the Commission pursuant to Section 17(b) of the Act exempting them, Market Street Fund, Inc. ("MSF") and Sentinel Variable Products Trust ("SVPT"), and certain investment portfolios of each (each, a "Portfolio" or "Fund," as appropriate), from Section 17(a) of the Act to the extent necessary to permit NLIC to carry out certain of the above-referenced substitutions of securities by redeeming shares issued by MSF in kind and using the proceeds to purchase shares issued by SVPT.

Applicants: National Life Insurance Company ("NLIC"), National Variable Annuity Account II ("Annuity Account"), and National Variable Life Insurance Account ("Life Account").

Filing Date: The application was filed on April 20, 2000, and was amended and restated on November 3, 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 Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on November 24, 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 may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o D. Russell Morgan, Esq., National Life Insurance Company, National Life Drive, Montpelier, VT 05604.

FOR FURTHER INFORMATION CONTACT: Keith A. O'Connell, Senior Counsel, 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 is available for a fee from the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. NLIC is a stock life insurance company, all of the outstanding stock of which is indirectly owned by National Life Holding Company, a mutual insurance holding company, established under Vermont law in 1999. NLIC is authorized to transact life insurance and annuity business in Vermont and in 50 other jurisdictions. As of December 31, 1999, NLIC had consolidated assets of approximately \$10 billion. For purposes of the Act, NLIC is the depositor and sponsor of the Annuity Account and the Life Account as those terms have been interpreted by the Commission with respect to variable life insurance and variable annuity separate accounts. Each Account is a "separate account" as defined by Rule 0-1(e) under the 1940 Act, and is registered with the commission as an unit investment trust.

2. The Annuity Account is divided into twenty-seven subaccounts. Each subaccount invests exclusively in a Fund of one of eleven series-type Management Companies. The assets of the Annuity Account support variable annuity Contracts, and interests in the Account offered through each Contracts have been registered under the Securities Act of 1933 (the "1933 Act") on Form N-4.

3. The Life Account is divided into forty-eight subaccounts. Each subaccount invests exclusively in shares representing an interest in a separate corresponding Fund of one of eight series-type Management Companies. The assets of the Life Account support variable life insurance Contracts, and interests in this Account offered through such Contracts have been registered under the 1933 Act on Form S-6.

4. MSF is registered under the Act as an open-end diversified management investment company. MSF is a series investment company as defined by Rule 18f-2 under the Act and currently comprises twelve Portfolios. MSF issues a separate series of shares of stock in connection with each Portfolio and has registered these shares under the 1933 Act on Form N-1A. Providemutual Investment Management Company ("PIMC") serves as investment adviser to the MSF International Portfolio and The Boston Company Asset

Management, Inc. serves as its subadviser. Sentinel Advisors Company serves as investment adviser to the MSF Growth Portfolio, Sentinel Growth Portfolio, Aggressive Growth Portfolio and Money Market Portfolio.

The investment objective of the International Portfolio is long-term growth of capital primarily through investments in a diversified portfolio of marketable equity securities of established foreign corporate issuers and companies organized in the U.S. but having their principal activities and interests outside the U.S. This Portfolio also may invest in securities of other foreign issuers such as foreign governments or agencies or instrumentalities of foreign governments.

The investment objective of the Growth Portfolio is intermediate and long-term growth of capital. A reasonable level of income is an important secondary objective. This Portfolio invests primarily in common stocks of companies that its investment adviser believes offer above-average intermediate and long-term growth potential. The Portfolio purchases securities only of companies that have profitable operations and an annual minimum level of sales or revenues of at least \$50 million.

The investment objective of the Sentinel Growth Portfolio is long-term growth of capital through equity participation in companies having growth potential believed by its investment adviser to be more favorable than the U.S. economy as a whole, with a focus on relatively well-established companies.

The investment objective of the Aggressive Growth Portfolio is to seek a high level of long-term capital appreciation. This Portfolio invests primarily in securities of companies in new or emerging industries and securities of small capitalization companies and/or unseasoned companies.

The investment objective of the Money Market Portfolio is maximum current income consistent with capital preservation and liquidity. This Portfolio invests exclusively in dollar-denominated money market instruments that present minimal credit risks.

5. SVPT is registered under the Act as an open-end diversified management investment company. SVPT is a series investment company as defined by Rule 18f-2 under the Act and currently comprises five Funds. SVPT will issue a separate series of shares of beneficial interest in connection with each Fund and has registered these shares under the 1933 Act on Form N-1A. National

Life Investment Management Company, Inc. will serve as investment adviser to each of the Funds.

The investment objective of the Sentinel Variable Products Common Stock Fund is to seek a combination of growth of capital, current income, growth of income and relatively low risk as compared with the stock market as a whole. This Fund invests mainly in a diverse group of common stocks of well-established companies, most of which pay regular dividends. The Fund's investment adviser tries to select stocks of leading companies that are financially strong and are selling at attractive prices in relation to their values.

The investment objective of Sentinel Variable Products Mid Cap Growth Fund is growth of capital, by focusing its investments on common stock of mid-sized growing companies. The Fund invests in securities of issuers that its investment adviser believes have favorable growth potential with attractive pricing in relation to this growth potential as well as experienced and capable management. The Fund invests at least 65% of its assets in stocks whose market capitalization is within the range of these comprising the Standard & Poor's 400 Midcap Index.

The investment objective of Sentinel Variable Products Small Company Fund is growth of capital, by investing mainly in common stocks of small and medium companies that its investment adviser believes have attractive growth potential and are attractively valued. The Fund invests at least 65% of its assets in stocks of companies with market capitalizations of less than \$2 billion, and the median market capitalization of the Fund's holdings is less than \$1 billion.

The investment objective of Sentinel Variable Products Money Market Fund is to seek as high a level of current income as is consistent with stable principal values and liquidity by investing exclusively in dollar-denominated money market instruments, including U.S. government securities, bank obligations, repurchase agreements, commercial paper, and other corporate debt obligations.

6. *Goldman Sachs Variable Insurance Trust ("GSVIT")*. GSVIT is registered under the Act as an open-end diversified management investment company. GSVIT is a series investment company as defined by Rule 18f-2 under the Act and currently comprises nine funds. GSVIT issues a separate series of shares of beneficial interest in connection with each fund and has registered these shares under the 1933 Act on Form N-1A. Goldman Sachs

Asset Management International, an affiliate of Goldman, Sachs & Co., serves as investment adviser to the GSVIT International Equity Fund and Goldman Sachs Asset Management, a unit of the Investment Management Division of Goldman, Sachs & Co., serves as investment adviser to the other GSVIT funds whose shares are held by the Accounts.

The investment objective of the International Equity Fund is long-term capital appreciation. Under normal circumstances, the Fund invests substantially all, and at least 65% of its total assets in equity securities of companies that are organized outside the U.S. or whose securities are primarily traded outside the U.S. The Fund may allocate its assets among countries selected by its investment adviser, provided that its assets are invested in at least three foreign countries. The Fund expects to invest a substantial portion of its assets in the securities of issuers located in the developed countries of Western Europe and in Japan.

The investment objective of the Global Income Fund is high total return emphasizing current income. The Fund invests primarily in high quality fixed-income securities of U.S. and foreign issuers and enters into transactions in foreign currency. Under normal market conditions, the Fund has at least 30% of its total assets denominated in U.S. dollars and invests in at least three countries. Except for issuers located in Canada, Germany, Japan, the United Kingdom, and the U.S., not more than 25% of the Fund's total assets is invested in securities of issuers in any single country.

The investment objective of the CORE Small Cap Entity Fund is long-term growth of capital. The Fund seeks this objective through a broadly diversified portfolio or equity securities of U.S. issuers that are included in the Russell 2000 Index at the time of investment. Under normal circumstances, the Fund invests at least 90% of its total assets in equity securities of U.S. issuers, including foreign issuers whose securities are traded in the U.S.

The investment objective of the Mid Cap Value Fund is long-term capital appreciation. Under normal circumstances, the Fund invests substantially all of its assets in equity securities and at least 65% of its total assets in equity securities of mid-cap companies with public stock market capitalizations within the range of market capitalizations of companies comprising the Russell Midcap Index at the time of investment. The Fund also may invest up to 25% of its total assets

in foreign securities, including securities of issuers in emerging countries and securities quoted in foreign currencies.

7. *Fidelity Variable Insurance Products Fund and Fidelity Variable Insurance Products Fund II (together, "FVIP")*. Fidelity Variable Insurance Products Fund and Fidelity Variable Insurance Products Fund II are each registered under the Act as an open-end diversified management investment company. Each also is a series investment company as defined by Rule 18f-2 under the Act and issues a separate series of shares of beneficial interest in connection with each Portfolio and has registered these shares under the 1933 Act on Form N-1A. Fidelity Management & Research Company serves as investment adviser to the FVIP Investment Grade Bond Portfolio and Overseas Portfolio.

The investment objective of FVIP Investment Grade Bond Portfolio is to seek as high a level of current income as is consistent with the preservation of capital. The Portfolio normally invests its assets in U.S. dollar-denominated investment-grade bonds. The Portfolio's investment adviser manages it to have similar overall interest rate risk to the Lehman Brothers Aggregate Bond Index. The investment adviser allocates the Portfolio's assets among different market sectors and different maturities based on its view of the relative value of each sector or maturity.

The investment objective of FVIP Overseas Portfolio is long-term growth of capital. The Portfolio invests at least 65% of its total assets in foreign securities. It invests primarily in common stocks.

8. *Van Eck Worldwide Insurance Trust ("VEWIT")*. VEWIT is registered under the Act as an open-end diversified management investment company. VEWIT is a series investment company as defined by Rule 18f-2 under the Act and currently comprises four Funds. VEWIT issues a separate series of shares of beneficial interest in connection with each Fund and has registered these shares under the 1933 Act on Form N-1A. Van Eck Associates Corporation serves as investment adviser to the VEWIT Worldwide Bond.

The investment objective of the Worldwide Bond Fund is high total return by investing globally, primarily in a variety of debt securities. The Fund's assets generally consist of debt securities rated B or better by Standard & Poor's or Moody's Investor's Service, but it may hold up to 25% of its assets in lower-rated debt issued by governments or government agencies. The Fund's investment adviser expects

the Fund's average maturity to range from three to ten years. There is no limit on the amount that the Fund may invest in one country or in securities denominated in a single currency. Under normal conditions, the Fund's assets will be invested in at least three countries other than the U.S.

9. *American Century Variable Portfolios, Inc. ("ACVP")*. ACVP is registered under the Act as an open-end diversified management investment company. ACVP is a series investment company as defined by Rule 18f-2 under the Act and currently comprises six Funds. ACVP issues a separate series of shares of stock in connection with each Fund and has registered these shares under the 1933 Act on Form N-1A. American Century Investment Management, Inc. serves as investment adviser to the ACVP Value Fund.

The investment objective of the ACVP Value Fund is long-term growth. Income is a secondary objective. The Fund's investment adviser seeks for the Fund stocks of medium to large companies that it believes are undervalued at the time of purchase. The investment adviser follows a value strategy that looks for companies that are temporarily out of favor in the market.

10. The Contracts are flexible premium variable life insurance contracts and individual flexible premium deferred variable annuity contracts. Under each of the Contracts, NLIC reserves the right to substitute shares of one Fund or Portfolio for shares of another, including a Fund or Portfolio of a different Management Company.

11. Under the variable life insurance Contracts, a Contract owner may make unlimited transfers of accumulated value in a Contract year between and among the subaccounts of the relevant Account and NLIC's general account. Currently there is no charge for transfers; however, NLIC reserves the right to assess a \$25 charge for each transfer in excess of twelve in any Contract year. Under the variable annuity Contracts, a Contract owner may make unlimited transfers of contract value between and among the subaccounts of the relevant Account and NLIC's general account. Currently there is no charge for transfers, however, NLIC reserves the right to assess a \$25 charge for each transfer in excess of twelve in any Contract year.

12. NLIC, on its behalf and on behalf of the Accounts, proposes to make the following substitutions of shares held in those Accounts: (1) Shares of SVPT Common Stock Fund for shares of MSF Growth Portfolio, (2) shares of SVPT Mid Cap Growth Fund for shares of

MSF Sentinel Growth Portfolio, (3) shares of SVPT Small Company Fund for shares of MSF Aggressive Growth Portfolio, (4) shares of FVIP Overseas Portfolio for shares of MSF International Portfolio, (5) shares of SVPT Money Market Fund for shares of MSF Money Market Portfolio, (6) shares of FVIP Investment Grade Bond Portfolio for shares of VEWIT Worldwide Bond Fund, (7) shares of FVIP Overseas Portfolio for shares of GSVIT International Equity Fund, (8) shares of FVIP Investment Grade Bond Portfolio for shares of GSVIT Global Income Fund, (9) shares of SVPT Small Company Fund for shares of GSVIT CORE Small Cap Equity Fund, and (10) shares of ACVP Value Portfolio for shares of GSVIT Mid Cap Value Fund. NLIC believes that by making the proposed substitutions in each of the Accounts, they can better serve the interests of owners of the Contracts.

13. *Proposed substitution of shares of SVPT Common Stock Fund for shares of MSF Growth Portfolio, shares of SVPT Mid Cap Growth Fund for shares of MSF Sentinel Growth Portfolio, shares of SVPT Small Company Fund for shares of MSF Aggressive Growth Portfolio, shares of FVIP Overseas Portfolio for shares of MSF International Portfolio, and shares of SVPT Money Market Fund for shares of MSF Money Market Portfolio*. Sentinel Advisors Company ("SAC") serves as the investment manager and adviser to the MSF Growth Portfolio, Sentinel Growth Portfolio, Aggressive Growth Portfolio and Money Market Portfolio. SAC is a general partnership owned and controlled by four entities: (1) National Retirement Plan Advisors, Inc., an indirect wholly-owned subsidiary of NLIC, (2) Providentmutual Management Co., Inc., an indirect wholly-owned subsidiary of Provident Mutual Life Insurance Company ("PMLIC"), (3) HTK of Delaware, Inc., a wholly-owned subsidiary of The Penn Mutual Life Insurance Company ("Penn Mutual"), and (4) Sentinel Management Company (a partnership of wholly-owned subsidiaries of NLIC, PMLIC and Penn Mutual), which is SAC's managing general partner. NLIC, PMLIC and Penn Mutual are not affiliated persons of each other. Although a joint venture among the three principal controlling parties (NLIC, PMLIC and Penn Mutual) who each maintain a financial interest in SAC, SAC's officers and investment personnel are all employees of NLIC or its affiliates. The ownership percentages of the partners fluctuate as a function of the assets (managed by SAC) contributed by each partner. As of

December 31, 1999, the percentages were: NLIC, 62.238%, PMLIC, 33.924%; and Penn Mutual, 3.839%. SAC is located at NLIC's premises, in Montpelier, Vermont.

14. PIMC, an indirect wholly-owned subsidiary of PMLIC, serves as the investment manager and adviser of the MSF International Portfolio. PIMC has engaged The Boston Company Asset Management, Inc. as an investment subadviser to carry out day-to-day portfolio management. PIMC also serves as the investment manager and adviser to five other MSF investment portfolios that are not used by NLIC as investment options in any of its variable life insurance or annuity contracts and which would not be involved in the proposed substitutions.

15. PMLIC and NLIC have discussed the possibility of ending their joint use of MSF as an investment vehicle for both companies' variable life insurance and variable annuity contracts (including the Contracts). NLIC has determined that the manner of accomplishing this separation which would involve the least confusion and disruption to owners of the Contracts would be for it to substitute shares of new Funds or Portfolios for those of MSF Portfolios held by the Accounts. Once the Accounts no longer held shares of MSF's Growth Portfolio, Sentinel Growth Portfolio, Aggressive Growth Portfolio and Money Market Portfolio, SAC would be willing to step down as investment manager and adviser to MSF. Applicants assert that this would permit MSF to make whatever new investment management arrangements (and related changes, if any, in Portfolio investment policies) it desires for PMLIC contract owners invested in the foregoing Portfolios and would avoid the possibility that MSF may propose changes which NLIC and PMLIC could not agree on. The Applicants state that such a disagreement could create unnecessary expense and confusion for owners of both the Contracts and PMLIC contracts, and could result in one or more material irreconcilable conflicts between the interests of Contract owners and owners of PMLIC contracts.

16. The Applicants state that except for the Sentinel Growth Portfolio, most of the assets in these Portfolios belong to owners of variable annuity and variable life insurance contracts issued by PMLIC and its affiliates and only small portions of each consist of assets beneficially owned by owners of the Contracts.

17. NLIC believes that most of the owners of the Contracts wanted (and still want) to invest in Funds managed

or advised by SAC or an affiliate organization or, failing that, in Funds or Portfolios selected by NLIC and over which NLIC has some influence. To facilitate what it believes are the desires of Contract owners, NLIC asked National Life Investment Management Company, Inc. ("NLIMC") to create SVPT with the four Funds that it proposes to substitute for the MSF Growth, Sentinel Growth, Aggressive Growth and Money Market Portfolios. The Applicants state that these Funds are designed to be substantially identical to the MSF Portfolios that they would replace. The investment objectives are substantially the same. Although the investment policies of the Funds (other than the Money Market Fund) are articulated somewhat differently than those of their MSF counterparts, NLIMC intends to manage the Funds exactly as SAC has managed the MSF Portfolios. Indeed, in recent years, SAC generally managed each of these MSF Portfolios in tandem with a Sentinel Fund of the same type; each of the four Funds has identical investment objectives and policies as those of the appropriate corresponding Sentinel Fund.

18. NLIC believes that the four proposed SVPT Funds will have investment performance substantially similar to that which the corresponding MSF Portfolio would have had if SAC had continued to manage the corresponding MSF Portfolios. Projected expense levels for the SVPT Funds are the same as those experienced in recent years by the MSF Portfolios because each will be capped by NLIC for two years at levels equal to the percentage expense levels experienced by its corresponding MSF Portfolio for the 1999 Fiscal year. Likewise, the management fee rates (including breakpoints) of each SVPT Fund are the same as that of its corresponding MSF Portfolio (for the SVPT Small Company Fund, the corresponding rates will be those of the MFS Aggressive Growth Portfolio). Accordingly, the expense limits for the SVPT Funds for a period of 24 months following the date of the substitution are as follows:

SVPT portfolio	Expense limit (percent)
SVPT Common Stock Fund	.48
SVPT Mid Cap Growth Fund ...	.71
SVPT Small Company Fund	.57
SVPT Money Market Fund	.40

In addition, for those Contract owners who were Contract owners on the date of the substitution, NLIC will not increase Account or Contract expenses

for a period of 24 months following the date of the substitution. Also, NLIC believes it likely that most or all of the MSF Portfolios will experience increases in expense levels in the foreseeable future. Moreover, NLIMC expects to earn lower profits managing the Funds than it derived from its share of SAC's profits from managing the corresponding MSF Portfolios. Thus, Applicants assert that NLIC is not proposing to substitute its proprietary Funds for those of MSF in order to increase its profits. The Applicants state that NLIC is merely trying to respond to a management change for MSF by replacing existing proprietary Portfolios with substantially identical proprietary Funds.

19. The Applicants state that, because NLIMC is not currently in a position to manage an international equity portfolio, NLIC has determined to replace the MSF International Portfolio with the FVIP Overseas Portfolio. NLIC believes that the FVIP Overseas Portfolio is an excellent choice in keeping with what its Contract owners expect.

20. NLIC believes that it would be beneficial to Contract owners invested in the foregoing MSF Portfolios to have their investments withdrawn prior to a major restructuring of the management arrangements for the Portfolios. The Applicants state that this is because most of these Contract owners would likely not favor the proposed management changes while most owners of PMLIC contracts invested in the MSF Portfolios would likely favor such changes. Thus, at any meetings of MSF Portfolio shareholders, Applicants assert that management changes proposed by PMLIC would almost certainly be approved and NLIC would then desire to carry out the proposed substitutions. Applicants assert that nothing would be gained by waiting until after such shareholder meetings to carry out the proposed substitutions.

21. The Applicants state that in light of the significant beneficial ownership position of PMLIC (and affiliate) contract owners, Contract owners and future NLIC contract owners cannot expect to command a majority voting position in any of the Portfolios (except Sentinel Growth Portfolio) in the event that they, as a group, desire that a Portfolio move in a direction different from that generally desired by owners of PMLIC (or its affiliates;) contracts. In addition, because MSF is unlikely to offer shares of the Portfolios to any insurer not affiliated with either NLIC or PMLIC, unless the growth in the number of Contracts or the assets supporting them increases at a much greater rate

than those of similar contracts issued by PMLIC and its affiliates, owners of Contracts have no prospects of influencing the future direction of these Portfolios.

22. Similarly, to the extent that NLIC can influence a MSF Portfolio (*i.e.*, its board) or the Portfolio's investment adviser, such influence would likely diminish substantially after PIMC becomes the investment adviser.

23. *Proposed substitution of shares of FVIP Investment Grade Bond Portfolio for shares of VEWIT Worldwide Bond Fund, shares of FVIP Overseas Portfolio for shares of GSVIT International Equity Fund, shares of FVIP Investment Grade Bond Portfolio for shares of GSVIT Global Income Fund, shares of SVPT Small Company Fund for shares of GSVIT CORE Small Cap Equity Fund, and shares of ACVP Value Portfolio for shares of GSVIT Mid Cap Value Fund.* The Applicants state that the VEWIT Worldwide Bond Fund and the GSVIT International Equity Fund, GSVIT Global Income Fund, GSVIT CORE Small Cap Equity Fund, and GSVIT Mid Cap Value Fund have proved unpopular with Contract owners. There are currently 40,964 Contractor owners; only 535 of these are invested in these five Funds. Out of a total of 58,511 Contract owners who have ever invested in the 27 currently offered subaccounts, only 665 have ever invested in subaccounts for these five Funds.

24. NLIC does not believe that Contract owners' interest in these Funds will increase significantly in the foreseeable future. The Applicants state that although performance and expense levels in these Funds have generally been reasonable, both the GSVIT and VEWIT Funds have remained small and have attracted almost no interest from Contract owners. In light of the practical limits on the number of investment options that it can offer in the Contracts, NLIC believes that Contract owners' best interests would be served by replacing these Funds with other, larger and potentially more appealing Funds or Portfolios.

25. In each case, NLIC believes that the new Portfolio proposed for substitution is an excellent choice in keeping with what its Contract owners expect. The Applicants state that except for the substitution of FVIP Investment Grade Bond Portfolio for both the VEWIT Worldwide Bond Fund and the GSVIT Global Income Fund, the investment objectives and policies of the new Portfolios are substantially the same as those of the Fund that each would replace. As for the VEWIT Worldwide Bond Fund and the GSVIT Global Income Fund, NLIC's experience

has been that very few Contract owners have an interest in global or international income Funds or Portfolios. NLIC believes that FVIP Investment Grade Bond Portfolio is a sound fixed-income alternative for Contract owners currently invested in VEWIT Worldwide Bond Fund and the GSVIT Global Income Fund which entails lower risk than would other possible alternatives.

26. In the event that the FVIP Overseas Portfolio, FVIP Investment Grade Bond Portfolio or ACVP Value Portfolio has operating expenses (taking into account expense waivers and reimbursements) for any fiscal period (not to exceed a fiscal quarter) during the 24 months following the date of the proposed substitutions equal on an annualized basis to an amount greater than 0.98%, 1.15% and 1.05%, respectively, NLIC will make adjustments to the Account expenses of those subaccounts that invest in the FVIP Overseas Portfolio, FVIP Investment Grade Bond Portfolio, and ACVP Value Portfolio for those Contract owners who were Contract owners on

the date of the substitution. These adjustments will limit those Contract owners expenses so that the amount of the new Portfolio's operating expenses together with the corresponding subaccount's Account expenses paid during such period on an annualized basis will be no greater than the sum of the replaced Portfolio's expenses (*i.e.*, 0.98%, 1.15%, or 1.05%, as the case may be) together with the corresponding subaccount's Account expenses during the fiscal year preceding the proposed substitution, which were as follows:

Variable contract	Account expense limit*
Sentinel Advantage VA	1.40
Sentinel Estate Provider VLI	.90
VariTrak VLI	.90
Sentinel Benefit Provider VLI ...	.32

* As a percentage of the average daily net asset account value on an annual basis.

In addition, as stated above, for those Contract owners who were Contract owners on the date of the substitutions, NLIC will not increase Account or Contract expenses for a period of 24

months following the date of the substitutions.

27. The following charts show the approximate annual management fees, other expenses and total expenses of each of the Funds or Portfolios involved in the proposed substitutions both before and after any reimbursement or fee waivers. The charts also show revenue-sharing that NLIC expects to receive from the investment manager or distributor of various unaffiliated Funds or Portfolios on an annual basis after the proposed substitutions are carried out. Revenue sharing paid to NLIC by the investment manager or distributor of a Fund or Portfolio (as a percentage of NLIC's share of the average daily net assets of the Fund or Portfolio) is to reimburse NLIC for some of the expenses of administering the Contracts. For the Funds and Portfolios other than the GSVIT Funds, the management fees and expenses shown are those for the 1999 fiscal year. For the GSVIT Funds, the management fees and expenses shown are those projected for those funds for the 2000 fiscal year.

Fund	Before reimbursement or fee waiver (percent)	After reimbursement or fee waiver (percent)	Revenue sharing percentage
MSF Growth	0.32 0.16	0.32 0.16	N/A
	0.48	0.48	
SVPT Common Stock	0.50 0.52	0.48 0.00	N/A
	1.02	0.48	
MSF Sentinel Growth	0.50 0.21	0.50 0.21	N/A
	0.71	0.71	
SVPT Mid Cap Growth	0.50 0.52	0.50 0.21	N/A
	1.02	0.71	
MSF Aggressive Growth	0.41 0.16	0.41 0.16	N/A
	0.57	0.57	
SVPT Small Company	0.50 0.52	0.50 0.07	N/A
	1.02	0.57	
MSF International	0.75 0.23	0.75 0.23	N/A
	0.98	0.98	
FVIP Overseas	0.73 0.18	0.73 0.14	0.10

Fund	Before reimbursement or fee waiver (percent)	After reimbursement or fee waiver (percent)	Revenue sharing percentage
	0.91	0.87	.....
MSF Money Market	0.25 0.15	0.25 0.15	N/A
	0.40	0.40	.....
SVPT Money Market	0.25 0.72	0.25 0.15	N/A
	0.97	0.40	.....
VEWIT Worldwide Bond	1.00 0.22	1.00 0.22	0.15
	1.22	1.22	.....
FVIP Investment Grade Bond	0.43 0.11	0.43 0.11	0.10
	0.54	0.54	.....
GSVIT International	1.00 0.77	1.00 0.35	0.20
	1.77	1.35	.....
FVIP Overseas	0.73 0.18	0.73 0.14	0.10
	0.91	0.87	.....
GSVIT Global Income	0.90 1.78	0.90 0.25	0.20
	2.68	1.15	.....
FVIP Investment Grade Bond	0.43 0.11	0.43 0.11	0.10
	0.54	0.54	.....
GSVIT CORE Small Cap	0.75 0.75	0.75 0.25	0.20
	1.50	1.00	.....
SVPT Small Company	0.50 0.52	0.50 0.07	N/A
	1.02	0.57	.....
GSVIT Mid Cap Value	0.80 0.42	0.80 0.25	0.20
	1.22	1.05	.....
American Century Value	1.00 0.00	1.00 0.00	0.20
	1.00	1.00	.....

28. The Applicants state that by disclosure added to the various May 1, 2000 prospectuses for the Contracts and the Accounts (and possibly by additional subsequent supplements to such prospectuses), all owners of the Contracts have been or will be notified

of NLIC's intention to take the necessary actions, including seeking the order requested by this application, to substitute shares of the Portfolios and Funds as described herein.

29. The Applicants state that the additional prospectus disclosure (and

any subsequent supplements) about the proposed substitutions will advise Contract owners that from May 1 (or the date of any supplement) until the date of the proposed substitution, owners are permitted to make one transfer of all amounts under a Contract invested in

any one of the affected subaccounts on May 1 (or on the date of the supplement) to another subaccount available under a Contract other than one of the other affected subaccounts without that transfer counting as a "free" transfer permitted under a Contract. The Applicants state that the prospectus disclosure also informs (and any subsequent supplements will inform) Contract owners that NLIC will not exercise any rights reserved under any Contract to impose additional restrictions on transfers until at least 30 days after the proposed substitutions.

30. The proposed substitutions will take place at relative net asset value with no change in the amount of any Contract owner's account value or death benefit or in the dollar value of his or her investment in any of the Accounts. Contract owners will not incur any fees or charges as a result of the proposed substitutions, nor will their rights or NLIC's obligations under the Contracts be altered in any way. All expenses incurred in connection with the proposed substitutions, including legal, accounting and other fees and expenses, will be paid by NLIC. In addition, the Applicants state that the proposed substitutions will not impose any tax liability on Contract owners. The proposed substitutions will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions. The proposed substitutions will not be treated as a transfer for the purpose of assessing transfer charges or for determining the number of remaining permissible transfers in a Contract year. NLIC will not exercise any right it may have under the Contracts to impose additional restrictions on transfers under any of the Contracts for a period of at least 30 days following the substitutions.

31. The Applicants state that in addition to the prospectus disclosure (and supplements) distributed to owners of Contracts, within five days after the proposed substitutions, any Contract owners who were affected by the substitution will be sent a written notice informing them that the substitutions were carried out and that they may make one transfer of all accumulation or contract value under a Contract invested in any one of the affected subaccounts on the date of the notice to another subaccount available under their Contract without that transfer counting as one of a limited number transfers permitted in a Contract year free of charge. The notice will also reiterate the fact that NLIC will not exercise any rights reserved by it under any of the

Contracts to impose additional restrictions on transfers until at least 30 days after the proposed substitutions. The notice as delivered in certain states also may explain that, under the insurance regulations in those states, Contract owners who are affected by the substitutions may exchange their Contracts for fixed-benefit life insurance contracts or annuity contracts, as applicable, issued by NLIC during the 60 days following the proposed substitutions. Current prospectuses for the new Funds or Portfolios will precede or accompany the notices. NLIC also is seeking approval of the proposed substitutions from any state insurance regulators whose approval may be necessary or appropriate.

Applicants' Legal Analysis

1. Section 26(b) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to receive Commission approval before substituting the securities held by the trust. The Investment Company Amendments of 1970 added Section 26(b) to the Act. The Applicants state that prior to the enactment of the 1970 amendments, a depositor of a unit investment trust could substitute new securities for those held by the trust by notifying the trust's security holders of the substitution within five days of the substitution. In 1966, the Commission, concerned with the high sales charges then common to most unit investment trusts and the disadvantageous position in which such charges placed investors who did not want to remain invested in the substituted fund, recommended that Section 26 be amended to require that a proposed substitution of the underlying investments of a trust receive prior Commission approval. Congress responded to the Commission's concerns by enacting Section 26(b) to require that the Commission approve all substitutions by the depositor of investments held by unit investment trusts.

2. The Applicants state that the proposed substitutions appear to involve substitutions of securities within the meaning of Section 26(b) of the Act. Applicants therefore request an order from the Commission pursuant to Section 26(b) approving the proposed substitutions.

3. The Applicants state that the Contracts expressly reserve for NLIC the right, subject to compliance with applicable law, to substitute shares of one Portfolio or Fund held by subaccount of an Account for another. The prospectuses for the Contracts and the Accounts contain appropriate disclosure of this right. NLIC reserved

this right of substitution both to protect themselves and their Contract owners in situations where either might be harmed or disadvantaged by circumstances surrounding the issuer of the shares held by one or more of their separate accounts and to afford the opportunity to replace such shares where to do so could benefit itself and Contract owners.

4. The Applicants state that in the case of the proposed substitutions of shares of the four SVPT Funds for those of MSF Portfolios, each MSF Portfolio would be replaced by a Fund with substantially the same investment objectives but which is managed by the investment management team that Contract owners selected.

5. Applicants also state that in the case of the proposed substitution of shares of FVIP Overseas Portfolio for shares of MSF International Portfolio, the interests of Contract owners will be better served primarily because the new Portfolio would more closely resemble the Portfolio that such owners are currently invested in than would the same MSP Portfolio after the proposed management changes. The Applicants state that this investment option under the Contracts would each be replaced by a Portfolio with substantially the same investment objectives.

6. Moreover, with regard to all of the proposed substitutions of MSF Portfolios, the Applicants state that Contract owners would avoid the likely experience of having their current investment option significantly changed and would become invested in Portfolios that are less likely to become controlled by owners of variable contracts issued by a competitor of NLIC.

7. Finally, in the case of the remaining proposed substitutions, the Applicants state that Contract owners will be better served because available subaccounts would represent a broader range of popular investment choices than is currently the case. The Applicants state that these Portfolios are each larger and have both comparable performance and greater marketing appeal than the Portfolios or Funds that they would replace.

8. In addition to the foregoing, Applicants generally submit that the proposed substitutions meet the standards that the Commission and its staff have applied to similar substitutions that have been approved in the past.

9. Applicants anticipate that Contract owners will be at least as well off with the proposed array of subaccounts offered after the proposed substitutions as they have been with the array of subaccounts offered prior to the

substitutions. The Applicants state that the proposed substitutions retain for Contract owners the investment flexibility which is a central feature of the Contracts. If the proposed substitutions are carried out, all Contract owners will be permitted to allocate purchase payments and transfer accumulated values and contract values between and among the same number of subaccounts as they could before the proposed substitutions.

10. The Applicants state that each of the proposed substitutions is not the type of substitution which Section 26(b) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer accumulation and contract values into other subaccounts. Moreover, the Contracts will offer Contract owners the opportunity to transfer amounts out of the affected subaccounts into any of the remaining subaccounts without cost or other disadvantage. The Applicants state that the proposed substitutions, therefore, will not result in the type of costly forced redemption which Section 26(b) was designed to prevent.

11. The Applicants state that the proposed substitutions also are unlike the type of substitution which Section 26(b) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their account values. They also select the specific type of insurance coverage offered by NLIC under their Contract as well as numerous other rights and privileges set forth in the Contract. The Applicants state that Contract owners may also have considered NLIC's size, financial condition, type and its reputation for service in selecting their Contract. These factors will not change as a result of the proposed substitutions.

12. Applicants request an order of the Commission pursuant to Section 26(b) of the Act approving the proposed substitutions by NLIC. Applicants submit that, for all the reasons stated above, the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

13. Applicants request an order under Section 17(b) exempting them from the provisions of Section 17(a) to the extent necessary to permit NLIC to carry out the following substitutions by redeeming MSF shares in kind and

using the redemption proceeds to purchase SVPT shares; shares of SVPT Common Stock Fund for shares of MSF Growth Portfolio, shares of SVPT Mid Cap Growth Fund for shares of MSF Sentinel Growth Portfolio, shares of SVPT Small Company Fund for shares of MSF Aggressive Growth Portfolio, shares of SVPT Money Market Fund for shares of MSF Money Market Portfolio.

14. 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 person, acting as principal, from knowingly selling any security or other property to that company. Section 17(a)(2) of the Act generally prohibits the persons described above, acting as principals, from knowingly purchasing any security or other property from the registered investment company.

15. Section 2(a)(3) of the Act defines the term "affiliated person of another person" in relevant part as:

(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person; * * *

16. The Applicants state that because shares held by a separate account of an insurance company are owned by the insurance company, NLIC owns of record all of the shares of MSF Sentinel Growth Portfolio. The Applicants state that, therefore, MSF and Sentinel Growth Portfolio is arguably under the control of NLIC notwithstanding the fact the Contract owners may be considered the beneficial owners of those shares held in the Accounts. If MSF and one or more of its Portfolios is under NLIC's control, then NLIC, any person controlling NLIC or any person under common control with NLIC, is an affiliated person of MSF, Sentinel Growth Portfolio and, arguably, other MSF Portfolios. The Applicants state that, similarly, if MSF and one or more of its Portfolios are under NLIC's control, then MSF, Sentinel Growth Portfolio, and, arguably, other MSF Portfolios are affiliated persons of NLIC and of any persons that control NLIC or are under common control with NLIC.

17. The Applicants state that regardless of whether or not NLIC can be considered to control MSF or Sentinel Growth Portfolio or both (or other MSF Portfolios), because NLIC owns of record more than 5% of the shares of MSF Money Market Portfolio,

Growth Portfolio, Bond Portfolio, Managed Portfolio, Aggressive Growth Portfolio, Sentinel Growth Portfolio and International Equity Portfolio, it is an affiliated person of MSF and each of the foregoing Portfolios. Applicants also state that MSF and each of the foregoing Portfolios is an affiliated person of NLIC and also is an affiliated person of an affiliated person of any person that controls NLIC or is under common control with NLIC.

18. In addition, the Applicants state that because the investment adviser of each of the foregoing MSF Portfolios is controlled by NLIC or persons controlling NLIC and the investment adviser of each SVPT Fund is controlled by NLIC or persons controlling NLIC, the investment advisers of MSF and SVPT are under common control. Although the Applicants state that they do not believe that this would, by itself, result in MSF (or any of its Portfolios) and SVPT (or any of its Funds) being under common control, to remove any doubt about status of possible transactions involving MSF (or any of its Portfolios) and SVPT (or any of its Funds), Applicants assume, for the purposes of this application, the MSF and SVPT and their Portfolios or Funds could be under common control. Based on the foregoing, MSF and SVPT and the Funds of each may be affiliated persons of each other or affiliated persons of affiliated persons of each other. The Applicants state that each also may be an affiliated person of NLIC or an affiliated person of an affiliated person of NLIC.

19. The Applicants state that the proposed substitutions by NLIC, which may entail the indirect purchase of shares of SVPT Funds with portfolio securities of MSF Portfolios and the indirect sale of portfolio securities of MSF Portfolios for shares of SVPT Funds, therefore may also entail the purchase or sale of such securities by each of the Portfolios or Funds involved, acting as principal, to one of the other Portfolios or Funds and therefore may be in contravention of Section 17(a). In addition, the Applicants state that the participation of NLIC in such purchase and sale transactions could be viewed as entailing the purchase of such securities from MSF Portfolios and the sale of such securities to SVPT Funds by NLIC, acting as principal, and therefore may be in contravention of Section 17(a).

20. Section 17(b) of the Act provides that the Commission may, upon application, grant an order exempting any transaction from the prohibitions of Section 17(a) if the evidence establishes that:

(1) 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;

(2) The proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and records filed under the Act; and

(3) The proposed transaction is consistent with the general purposes of the Act.

21. Rule 17a-7 under the Act exempts from the prohibitions of Section 17(a), subject to certain enumerated conditions, a purchase or sale transaction between registered investment companies or separate series or registered investment companies, which are affiliated persons, or affiliated persons of affiliated persons, of each other, between separate series of a registered investment company, or between a registered investment company or a separate series of a registered investment company and a person which is an affiliated person of such registered investment company (or affiliated person of such person) solely by reason of having a common investment adviser or investment advisers which are affiliated persons of each other, common directors, and/or common officers. The Applicants state that NLIC, MSF, and SVPT (as well as the Portfolios and Funds of MSF and SVPT) cannot, however, rely on Rule 17a-7 in connection with their participation as principals in the proposed MSF/SVPT substitutions because they would not necessarily be affiliated persons of each other solely by reason of having a common investment adviser or affiliated investment advisers, common directors, and/or common officers. Moreover, one of the conditions enumerated in the rule is that the transaction be a purchase or a sale for no consideration other than cash payment against prompt delivery of a security for which market quotations are readily available. The Applicants state that the proposed purchase of SVPT shares with MSF investment securities, however, entails the purchase and sale of securities for securities (albeit ones for which market quotations are readily available).

22. Applicants submit that the terms of the proposed substitutions by NLIC, including the consideration to be paid and received, as described in this application, are reasonable and fair and do not involve overreaching on the part of any person concerned. Applicants also submit that the proposed

substitutions by NLIC are consistent with the policies of: (1) MSF and of its Growth Portfolio, Sentinel Growth Portfolio, Aggressive Growth Portfolio and Money Market Portfolio; and (2) SVPT and its Common Stock Fund, Mid Cap Growth Fund, Small Company Fund and Money Market Fund, as recited in the current registration statements and reports filed by each under the Act. Finally, Applicants submit that the proposed substitutions are consistent with the general purposes of the Act.

Conclusion

Applicants assert that, for the reasons stated above, the registered order approving the substitutions and exempting in-kind redemptions should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-28794 Filed 11-8-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting; Agency Meeting

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 November 13, 2000.

An open meeting will be held on Wednesday, November 15, 2000 at 10 a.m. in Room 6600.

The subject matter of the open meeting scheduled for Wednesday, November 15, 2000 will be:

The Commission will consider adopting rule amendments to its auditor independence requirements. The rule amendments are intended to modernize the Commission's regulations regarding:

- (1) Investments by auditors and members of their families;
- (2) Auditors' employment relationship; and
- (3) The scope of services provided by audit firms to their audit clients.

In addition, the rules would require companies to disclose in their annual proxy statements certain information about non-audit services provided by their auditors during the last fiscal year.

For further information, contact: John Morrissey, or Sam Burke, 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 at (202) 942-7070.

Dated: November 6, 2000.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-28873 Filed 11-6-00; 4:28 pm]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

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 consider two additional agenda items during the open meeting on Wednesday, November 15, 2000 at 10:00 a.m. Additionally, notice is hereby given that this meeting will be held in Room 1C30, the William O. Douglas Room, not Room 6600 as previously announced.

The subject matters of the additional agenda items will be:

(1) The Commission will consider adopting two rules that would require greater disclosure of order execution and order routing practices by market centers and brokers.

For further information, contact: Susie Cho, Division of Market Regulation at (202) 942-0748; and

(2) Consideration will be given to adopting rules regarding the quotation obligations of options exchanges and market makers, and disclosure by broker-dealers of executions of customer options orders at prices inferior to the best available quote.

For further information contact: Heather Traeger, Division of Market Regulation at (202) 942-0763.

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.

Dated: November 7, 2000.

Jonathan G. Katz,

Secretary.

[FR Doc. 00-29010 Filed 11-7-00; 4:00 pm]

BILLING CODE 8010-01-M