POSTAL RATE COMMISSION

Mailing Facility Visit

AGENCY: Postal Rate Commission.

ACTION: Notice of commission visit.

SUMMARY: Members of the Commission's staff will visit the Moore Business Communication Services' Thurmont, Maryland facility on November 6, 2001, beginning at 8:30 a.m. The purpose of the visit is to attend a training session that reviews the preparation of workshared First-Class Mail.

DATES: The visit is scheduled for Tuesday, November 6, 2001.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, Postal Rate Commission, Suite 300, 1333 H Street NW., Washington, DC 20268–0001, 202–789–6820.

Dated: October 9, 2001.

Steven W. Williams,

Acting Secretary.

[FR Doc. 01–25908 Filed 10–12–01; 8:45 am]

BILLING CODE 7710–FW–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–25206; File No. 812–12570]

Nationwide Life Insurance Company, et al.

October 5, 2001.

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

ACTION: Notice of application for an order pursuant to section 26(c) of the Investment Company Act of 1940 (''1940 Act'').

Applicants: Nationwide Life Insurance Company (''Nationwide''), the Nationwide Variable Account (the ''Separate Account''); and Nationwide Investment Services Corporation (''NISC'').

Summary of the Application: Applicants seek an order pursuant to Section 26(c) of the 1940 Act, to permit the substitution of shares of the Prestige Balanced Fund—Class A with shares of the Nationwide Separate Account Trust—JP Morgan NSAT Balanced Fund, and shares of the Prestige International Fund—Class A with shares of the Templeton Foreign Fund—Class A, currently held in the Separate Account.

Filing Date: The Application was filed on July 11, 2001, and amended on October 5, 2001.

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 October 30, 2001, and should be accompanied by proof of service on Applicants in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the requester's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington DC 20549–0609. Applicants, Nationwide Life Insurance Company, Attn: Heather Harker, One Nationwide Plaza, 1–09–V3, Columbus, Ohio 43215.

FOR FURTHER INFORMATION CONTACT: Martha Atkins, Attorney, at (202) 942–0668, or Keith Carpenter, Branch Chief, at (202) 942–0679, Office of Insurance Products, Division of Investment Management.

SUPPLEMENTARY INFORMATION: The following is a summary of the Application. The complete Application is available for a fee from the Public Reference Branch of the Commission, 450 Fifth Street, NW., Washington, DC 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. Nationwide is a stock life insurance company organized under the laws of the State of Ohio. Nationwide is licensed to do business in the fifty states, the District of Columbia, and Puerto Rico. Nationwide offers traditional group and individual life insurance products as well as group and individual fixed and variable annuity contracts. Nationwide is a wholly owned subsidiary of Nationwide Financial Services, Inc. (''NFS''). NFS, a Delaware corporation, is a publicly traded holding company with two classes of common stock outstanding, each with different voting rights. This enables Nationwide Corporation (the holder of all the outstanding Class B Common Stock) to control NFS. Nationwide Corporation stock is held by Nationwide Mutual Insurance Company (95.24%) and Nationwide Mutual Fire Insurance Company (4.76%), the ultimate controllers of Nationwide.

2. The Separate Account was established by Nationwide for the purpose of funding variable annuity contracts. The Separate Account was established under Ohio law on March 3, 1976 as a segregated asset account of Nationwide and is registered under the 1940 Act as a unit investment trust (File No. 811–2716). The Separate Account supports Deferred Variable Annuity Contracts (the ''Contracts'') registered under the Securities Act of 1933 (File Nos. 2–58043, 333–80481). Applicants incorporate by reference the registration statements corresponding to the aforementioned Contracts to the extent necessary to support and supplement the descriptions and representations in this Amended Application.

3. The Contracts may be sold to individuals as: (i) Individual Retirement Annuities (''IRAs'') which are governed by Section 408(b) of the Internal Revenue Code (''Code''); (ii) Simple IRAs which are governed by Section 408(p) of the Code; (iii) SEP IRAs which are governed by Section 408(k) of the Code; (iv) Roth IRAs which are governed by Section 408A of the Code; or (v) qualified Contracts (to qualified plans on behalf of plan participants) which may qualify for special tax treatment under Section 401 of the Code. The Contracts are not sold as non-qualified annuities.

4. Each Contract has a variable investment component that allows the investor to allocate purchase payments among a specific menu of underlying mutual fund options. One of the Contracts (File No. 2–58043) provides for a fixed account allocation which is supported by the assets of Nationwide's general account. The other Contract (File No. 333–80481) permits allocations to Nationwide's Guaranteed Term Options (''GTOs''). The GTOs provide a guaranteed rate of interest over four different maturity durations: three (3), five (5), seven (7), or ten (10) years. For the duration selected, Nationwide declares a guaranteed interest rate and credits that rate to amounts allocated to the GTO. If the investor withdraws allocations from the GTO prior to the end of the interest rate guarantee period, the withdrawal is subject to a market value adjustment.

5. The Separate Account maintains separate sub-accounts for each underlying mutual fund available under the Contracts. The mutual funds are the underlying investments on which the performance for each Contract is based. Contract owners may currently choose to have purchase payments allocated to one or more sub-accounts which invest in the underlying mutual funds.

6. The prospectus portion of the registration statements for the Contracts contains provisions stipulating Nationwide's right to substitute shares of one underlying mutual fund for shares of another underlying mutual fund already purchased or to be

purchased in the future with purchase payments made under the Contracts in the event that: (i) The underlying mutual fund options currently available under the Contracts are no longer available for investment by the Separate Account; or (ii) in the judgment of Nationwide's management, further investment in such underlying mutual fund shares is inappropriate in view of the purposes of the Contract(s).

7. The Separate Account offers Prestige International Fund—Class A and Prestige Balanced Fund—Class A, series of Nationwide Mutual Funds (''NMF'') (formerly Nationwide Investing Foundation III). According to its registration statement, Nationwide Mutual Funds was established and organized as an Ohio corporation by a Declaration of Trust, as subsequently amended, on October 30, 1997, as a diversified, open-end management investment company. Investment management and advisory services are provided to NMF pursuant to an investment management agreement entered into with Villanova Mutual Fund Capital Trust (''VMF''). Besides Prestige International Fund and Prestige Balanced Fund, NMF has 39 other portfolios.

8. Applicants have been informed by VMF that it wishes to liquidate the Prestige International Fund—Class A and Prestige Balanced Fund—Class A and terminate all operations of such funds. The reasons proffered by VMF for this decision are as follows:

9. When the Prestige International Fund and the Prestige Balanced Fund (collectively referred to throughout this paragraph as the ''Fund'') were created, it was anticipated that the Funds would be offered as an investment option for certain variable annuity contracts as well as for sale to the public as stand-alone investments. The Funds, however, have not attracted sufficient assets to grow to an efficient size and are no longer expected to do so. Additionally, on a longer-term basis, the Funds have been out-performed by other mutual funds with similar objectives. The Applicants have also been informed by NMF that NMF is scheduling a shareholder meeting and preparing a proxy solicitation to all shareholders in order to allow the shareholders to vote on NMF's decision to liquidate the Funds. Since the decision to ask shareholders to approve liquidation of the Funds, the Funds are neither being actively marketed to the public nor are they being offered thorough other Nationwide Separate Accounts. Consequently their assets are not growing and thus it is not expected that the Funds will attain economies of scale. Accordingly, all shareholders, including beneficial shareholders/Contract owners having interests in the Separate Account, will be better served with the alternative to the Funds.

10. In light of the foregoing, as well as the following representations and analyses, the Applicants propose to substitute shares of the Prestige Balanced Fund—Class A with shares of the Nationwide Separate Account Trust—J.P. Morgan NSAT Balanced Fund and shares of the Prestige International Fund—Class A with shares of Templeton Foreign Fund—Class A.

11. Information concerning the Substituted Funds and Replacement Funds, as well as additional rationale for each replacement proposed in this Amended Application is provided below.

12. Prestige Balanced Fund—Class A to be replaced with the Nationwide Separate Account Trust—JP Morgan NSAT Balanced Fund

Substituted fund	Replacement fund
Prestige Balanced Fund—Class A: Investment Objective: The Fund seeks a high total return from a diversified portfolio of equity and fixed income securities. Under normal market conditions, the Fund will invest approximately 60% of its assets in equity securities and 40% in fixed income securities (including U.S. Government, corporate, mortgage-backed and asset-backed securities). The equity securities will primarily be securities of large and medium sized companies included in the Standard & Poor's 500 Index. The fixed income securities held by the Fund will generally be investment grade securities, or unrated securities of comparable quality, although a portion of the Fund's fixed income will be invested in securities rated below investment grade (these securities are commonly known as junk bonds). Villanova Mutual Fund Capital Trust serves as the Fund's investment adviser and J.P. Morgan Investment Management Inc. is the Fund's sub-adviser.	*Nationwide Separate Account Trust—J.P. Morgan NSAT Balanced Fund (formerly, Nationwide Balanced Fund*) Investment Objective: The Fund seeks a high total return from a diversified portfolio of equity and fixed income securities. Under normal market conditions, the Fund will invest approximately 60% of its assets in equity securities and 40% in fixed income securities (including U.S. Government, corporate, mortgage-backed and asset-backed securities). The equity securities will primarily be securities of large and medium sized companies included in the Standard & Poor's 500 Index. The fixed income securities held by the Fund will generally be investment grade securities, or unrated securities of comparable quality, although a portion of the Fund's fixed income will be invested in securities rated below investment grade (these securities are commonly known as junk bonds). Villanova Mutual Fund Capital Trust serves as the Fund's investment adviser and J.P. Morgan Investment Management Inc. is the Fund's sub-adviser.

	Substituted Fund Prestige Balanced Fund—Class A	*Replacement Fund Nationwide Separate account Trust—JP Morgan NSAT Balanced Fund*
Adviser	Villanova Mutual Fund Capital Trust	Villanova Mutual Fund Capital Trust
Subadviser	J.P. Morgan Investment Management, Inc.	J.P. Morgan Investment Management, Inc.
With reimbursements/waivers (as of 12/31/00):		
Management Fees	0.75%	0.75%
Other Expenses	0.10%	0.15%
12b–1 Fees	0.25%	0.00%
Total Expenses	1.10%	0.90%

Without re-imbursements/waivers (as of 12/31/00):		
Management Fees	0.75%	0.75%
Other Expenses	1.82%	0.32%
12b–1 Fees	0.25%	0.00%
Total Expenses	2.82%	1.07%

Specific assets and performance information as of June 20, 2001, is as follows (performance represents average annual total returns):

	Substituted Fund Prestige Balanced Fund—Class A	*Replacement Fund Nationwide Separate Account Trust—JP Morgan NSAT Balanced Fund*
Inception Date	11/02/98	10/31/97
Fund Assets as of 06/30/01 (in millions)	$2,700,000.00	$135,600,000.00
1 Year	−4.53%	−4.56%
3 Year	N/A	0.00%
5 Year	N/A	N/A
Inception to 06/30/01	4.74%	2/23%

13. The Prestige Balanced Fund is managed by Villanova Mutual Fund Capital Trust (''VMF''). VMF is indirectly affiliated with the Applicants. The Fund is subadvised by J.P. Morgan Investment Management, Inc. (''J.P. Morgan''). J.P. Morgan is not affiliated with the Applicants.

14. Applicants therefore propose to substitute the Prestige Balanced Fund—Class A shares (''Substituted Fund'') into the Nationwide Separate Account Trust—JP Morgan NSAT Balanced Fund (''Replacement Fund''). Both the Substituted Fund and the Replacement Fund are in Trusts that are managed by affiliates of the Applicants.

15. The Substituted Fund and the Replacement Fund have essentially identical investment objectives. The Substituted Fund and Replacement Fund have the same fund adviser and sub-adviser. Further, the underlying mutual fund expenses of the Replacement Fund with, and without, reimbursements are significantly lower in comparison to the Substituted Fund. Applicants represent that neither Nationwide nor any of its affiliates will receive an increase in servicing fees or other form of revenue associated with the offering of the Nationwide Separate Account Trust—J.P. Morgan NSAT Balanced Fund as the Replacement Fund as described herein.

16. The Applicants assert that the proposed substitution is appropriate and in the best interest of the Contract owners. The Replacement Fund maintains essentially an identical investment objective as the Substituted Fund with the same investment adviser and sub-adviser, while benefiting from the economies of scale of the much larger Replacement Fund with well over $135 million in assets as compared to the $2.7 million in assets of the Substituted Fund. The Replacement Fund has lower expenses, as well as good prospects for growth.

17. At the time of the substitution, the aggregate fees and expenses of the Replacement Fund are expected to be lower than those of the Substituted Fund. Applicants agree that Nationwide will not increase the Contract charges or the total separate account charges (net of any waiver or reimbursement) of the sub-accounts that invest in the Replacement Fund for those Contract owners who were Contract owners at the time of the substitution for a period of two years from the date the Commission Order requested herein is received. Nationwide further agrees that if the total operating expenses for the Replacement Fund (taking into account any expense reimbursement or waiver) for any fiscal quarter for the two-year period following the date of the Order exceed on an annualized basis 1.10% of the average daily net assets of the separate account, Nationwide will make a corresponding reduction (through reimbursement or waiver) in the separate account expenses—at the end of that quarter—of the sub-accounts that invest in such Replacement Fund for Contract owners who were Contract owners at the time of the substitution.

18. Prestige International Fund—Class A to be replaced with Templeton Foreign Fund—Class A.

Substituted fund	Replacement fund
Prestige International Fund—Class A: Investment Objective: Capital appreciation. The Funds seeks to accomplish its investment objective by investing primarily in equity securities of non-United States companies that, in the opinion of its subadviser, are inexpensively priced relative to the return on total capital or equity. The Fund invests primarily in equity securities of non-United States companies. Under normal market conditions, the Fund will invest at least 80% of the value of its total assets in the equity securities of companies within at least three different countries (not including the United States). Villanova Mutual Fund Capital Trust serves as the Fund's investment adviser and Lazard Asset Management is the Fund's subadviser.	*Templeton Foreign Fund—Class A:* Investment Objective: Seeks long-term capital growth through a flexible policy of investing in stocks and debt obligations of companies and governments outside the United States, including emerging markets. Depending upon current market conditions, the Fund generally invests up to 25% of its total assets in debt securities of companies and governments located anywhere in the world. Templeton Investment Counsel, Inc. serves as the Fund's investment adviser.

	Substituted Fund Prestige Internationla Fund—Class A	*Replacement Fund Templeton Foreign Fund—Class A*

Adviser	Villanova Mutual Fund Capital Trust	Templeton Investment Counsel, Inc.
Subadviser	Lazard Asset Management	N/A
With reimbursements/waivers (as of 12/31/00):		
Management Fees	0.85%	0.61%
Other Expenses	0.20%	0.29%
12b–1 Fees	0.25%	0.25%
Total Expenses	1.30%	1.15%
Without reimbursements/waivers (as of 12/31/00):		
Management Fees	0.85%	N/A
Other Expenses	1.54%	N/A
12b–1 Fees	0.25%	N/A
Total Expenses	2.64%	M/A

Specific assets and performance information as of June 30, 2001 is as follows (performance represents average annual total returns):

	Substituted Fund Prestige International Fund—Class A	*Replacement Fund* Templeton Foreign Fund—Class A
Inception Date	11/02/98	10/05/82
Fund Assets as of 6/30/01	$14,600,000.00	$9,562,581,603.00
1 Year	−20.13%	−3.03%
3 Year	N/A	5.90%
5 Year	N/A	7.06%
Inception to 6/30/01	−0.93%	14.32%

19. The Prestige International Fund is managed by Villanova Mutual Fund Capital Trust (''VMF''). VMF is indirectly affiliated with the Applicants. The Prestige International Fund is subadvised by Lazard Asset Management (''LAM''). LAM is not affiliated with the Applicants.

20. Applicants therefore propose to substitute the Prestige International Fund—Class A shares (''Substituted Fund'') into the Templeton Foreign Fund—Class A (''Replacement Fund''). The Substituted Fund is managed by an affiliate of the Applicants. Neither the Replacement Fund nor its investment adviser is affiliated with the Applicants.

21. The Substituted Fund and the Replacement Fund have substantially similar investment objectives of capital appreciation through investing in foreign securities. In addition, the Replacement Fund has had better long-term historical performance as well as a larger asset base than the Substituted Fund. Further, the underlying mutual fund expenses of the Replacement Fund are significantly lower in comparison to the Substituted Fund. Applicants represent that neither Nationwide nor any of its affiliates will receive an increase in servicing fees or any other form of revenue associated with the offering of Templeton Foreign Fund—Class A as the Replacement Fund described herein.

22. The Applicants assert that the proposed substitution is appropriate and in the best interest of the Contract owners. The Replacement Fund will maintain a substantially similar investment objective as the Substituted Fund while benefiting from the economics of scale of the much larger Replacement Fund with more than $9 billion in assets as compared to the $14.6 million in assets of the Substituted Fund. The Replacement Fund has lower underlying mutual fund expenses, as well as better prospects for growth.

23. Contract owners will not be subject to a higher 12b–1 fee as a result of the substitution, unless a higher 12b–1 fee is subsequently adopted by the Contract owners after receipt of the Commission Order requested herein.

24. The Applicants represent that Nationwide does not, and will not for a period of three years from the date of the Commission Order requested herein, receive any direct or indirect benefit from the Replacement Fund or its adviser (or the adviser's affiliates) that exceeds the amount it had received from the Substituted Fund, its adviser and/or the adviser's affiliates, including without limitation, 12b–1, shareholder service, administration or other service fees, revenue sharing or other arrangement, either with specific reference to the Replacement Fund or as part of an overall business arrangement.

25. Applicants represent that the investment objectives of the Substituted Funds and corresponding Replacement Funds are either identical (in the case of Prestige Balanced Fund and J.P. Morgan NSAT Balanced Fund) or closely comparable. In any event, when viewed in the context of the wide spectrum (most conservative to most aggressive) of investment objectives reflected in contemporary mutual fund offerings, the Substituted Funds and corresponding Replacement Funds are at a minimum closely comparable.

26. For these reasons, Applicants assert that the substitution of the Replacement Funds for the Substituted Funds will not create circumstances in which Contract owners will be forced to surrender their Contracts and purchase alternative investments (incurring deferred sales charges on the Contracts or new sales charges on new investments) in order to maintain an investment strategy contemplated when making their original purchase.

27. Applicants state that the proposed substitution will take place on a date designated by Nationwide (the ''Exchange Date''). In addition, the Applicants state that the proposed substitution will occur at the relative net asset values of the Replacement Funds and the Substitute Funds on the Exchange Date and that at charges will be assessed in connection with the substitution transaction. Nationwide will bear all of the costs (including legal, accounting, brokerage, and other expenses) associated with the substitution. Accordingly, Contract

owners' Contract values will not be affected in any way by the substitution. The proposed substitution will not impose any tax liability on Contract owners and will not cause the fees and charges currently being paid by existing Contract owners to be greater after the proposed substitution than before the proposed substitution. Applicants also represent that the proposed substitution will not be treated as a transfer for the purposes of daily transfer limitations. Nationwide has informed Contract owners that it will not exercise any rights it may have under the Contracts to impose additional restrictions on transfers or eliminate the transfer privilege under any of the Contracts from the date Contract owners are informed of the Exchange Date until at least thirty (30) days following the substitution.

28. The prospectuses, as well as the Contracts for which this Amended Application is being filed, state that Nationwide may substitute, eliminate, and/or combine shares of one mutual fund for shares of another mutual fund already purchased or to be purchased in the future if either of the following occurs:

(a) Shares of a current mutual fund are no longer available for investment; or

(b) Further investment in a mutual fund shares is inappropriate.

29. The prospectus also states that no substitution, elimination, and/or combination of shares may take place without the prior approval of the Commission and individual state insurance department.

30. The Applicants have taken several steps toward accomplishing the proposed substitution. The Replacement Funds either already exist as underlying mutual fund options in the Separate Accounts that offer the Substituted Funds, or have been added via Post-Effective Amendment to the Registration Statements. Additionally, Nationwide has supplemented the Separate Account prospectuses concurrently with the filing of the original Application to inform all existing and prospective variable annuity contract owners of the fact that Nationwide has filed an Application with the Commission to effect a substitution of shares of the Replacement Funds for shares of the Substituted Funds. The prospectus supplements indicate that nationwide will not exercise any rights reserved by it to impose restrictions or fees on transfers beginning on the date Contract owners are notified of the Exchange Date and continuing until at least thirty (30) days after the Exchange Date. Although the variable annuity contracts reserve to Nationwide the right to restrict transfer privileges, from the date Contract owners are informed of the Exchange Date until at least thirty (30) days after the Exchange Date, Contract owners will be free to transfer unit values (which include both accumulation unit values and annuity unit values) or to allocate subsequent purchase payments or premium payments to other underlying mutual fund options available under the Contracts, including the Replacement Funds, in accordance with the provisions of the Contracts, without imposition of any transfer penalties. Therefore, such transfers will be free and without limitation.

31. Existing and prospective Contract owners have been provided with current prospectuses for the Replacement Funds.

32. If the order for which this Amended Application is being made is granted. Nationwide will establish an Exchange Date. Nationwide anticipates that the Exchange Date will be at least thirty (3) but not more than sixty (60) days after the Order is granted. Contract owners will be notified of the impending Exchange Date. Contract owners with interest remaining in the Substituted Funds will be advised that the Substituted Funds will be replaced with the Replacement Funds on the Exchange Date. Contract owners will also be advised that they are free to make allocation changes among any of the investment options available under the Contracts, in accordance with the terms of the Contracts, in advance of the Exchange Date and that Nationwide will not exercise any rights it may have under the Contracts to impose transfer restrictions or eliminate the transfer privilege until at least 30 days after the Exchange Date. All necessary forms and other information necessary for Contract owners to effectuate exchanges among investment options will continue to be provided.

33. On the Exchange Date, all shares held by the Separate Account in the Substituted Funds will be redeemed in cash, resulting in a complete liquidation of the sub-accounts. Contemporaneously with this redemption, cash proceeds received from the Substituted Funds will be used to purchase shares in the corresponding Replacement Funds. All shares will be purchased and redeemed at prices based on the current net asset value per share next computed after receipt of the redemption request and in a manner consistent with Section 22(c) of the 1940 Act and Rule 22c–1 thereunder with no change in the amount of any Contract owner's Contract value or in the dollar value of his or her investment in the Separate Account. Contract owners will not suffer any adverse tax consequences as a result of the substitution. Fees charged under the Contracts will not increase because of the substitution.

34. Nationwide asserts that it is likely that unit values (which both accumulation unit values and annuity unit values) of the Substituted Funds and the Replacement Funds will be different on the Exchange date. In order to keep each contract owner's Contract value the same after the Exchange Date as immediately prior to the Exchange date, the number of units held by beneficial shareholders in the substituted Funds are likely to be different than the number of units held by beneficial shareholders in the corresponding Replacement Funds when the exchange takes place.

35. Within five (5) days of the Exchange Date, all Contract owners affected by the transaction will receive a written confirmation of the transaction in accordance with Rule 10b–10 under the Securities Exchange Act of 1934. The confirmation will state that Contract owners may transfer all cash value under an annuity contract in the affected sub-accounts to any other available sub-accounts. The notice will also reiterate that Nationwide will not exercise any right reserved by it under the contracts to impose any restrictions or fees on transfers until at least thirty (30) days after the Exchange Date.

Applicants' Legal Analysis

1. Applicants request that the Commission issue an Order under Section 26(c) of the 1940 Act to the extent necessary to permit the substitution of shares of the Replacement Funds for shares of the Substituted Funds.

2. Section 26(c) of the 1940 Act prohibits a depositor or trustee of a registered unit investment trust holding the securities of the single issuer from substituting another security for such security unless the Commission approves the substitution, finding that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

3. Applicants represent that, to the extent that any aspect of the substitution transaction described herein is determined to require approval under section 11 of the 1940 Act, Rule 1a–2 under the 1940 Act will be relied upon with respect to the exemptive provisions outlined thereunder.

4. Applicants represent that the proposed substitution, in accordance with the standards set forth under

section 26(c) of the 1940 Act, is in the best interest of Contract owners. With respect to management and fund objectives, the Replacement Funds, as has been demonstrated, are closely comparable to the corresponding Substituted Fund. Accordingly, the proposed substitution should not create incentives for Contract owner to surrender Contracts and seek out other investment opportunities (incurring additional sales charges) in order to maintain a desired investment strategy. On the contrary, the close comparability of the funds proposed as a substitute for the Substituted Funds ensures that investment strategies currently employed by Contract owners may be maintained after the substitution.

5. Each of the Replacement Funds currently has greater assets than the Substituted Fund being substituted into it. This will create the opportunity for better performance between the Substituted Funds and Replacement Funds, which have similar management and investment objectives. The economies inherent in the Replacement Funds' greater asset size will be passed to Contract owners.

6. The Applicants maintain that the substitutions will not result in the type of costly forced redemption that section 26(c) was intended to guard against and, for the following reasons, are consistent with the protection of investors and the purposes fairly intended by the 1940 Act:

a. Each Replacement Fund has investment objectives that are similar to those of the corresponding Substituted Fund, and permits Contract owners continuity of their investment objectives and expectations;

b. Contract owners will not bear expenses incurred in connection with the substitutions, including legal, accounting and other fees and expenses, and brokerage expenses on portfolio transactions;

c. The substitutions will take place at relative net asset values of the respective sub-accounts, without the imposition of any transfer or similar charges and with no change in the amount of any Contract owner's unit values, death benefit or dollar value in the sub-accounts;

d. The substitutions will not cause the fees and charges under the Contracts currently being paid by Contract owners to be greater after the substitutions than before the substitutions, nor will Contract owner's rights, or the obligations of Nationwide, under the Contract be altered in any way;

e. The 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;

f. Within five (5) days after the substitutions, Nationwide will send to the affected Contract owners written confirmation that the substitutions have occurred;

g. The substitutions will not impose any tax liability on Contract owners and will not cause the Contract fees and charges currently being paid by existing Contract owners to increase.

7. Applicants assert that, for the reasons summarized above, the terms of the proposed substitution meet the standards set forth in section 26(c) of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–25780 Filed 10–12–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Federal Register *Citation of Previous Announcement:* [66 FR 51076, October 5, 2001]

Status: Closed meeting.

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

Date and Time of Previously Announced Meeting: Tuesday, October 9, 2001 at 10 a.m.

Change in the Meeting: Additional items.

The following items were added to the closed meeting scheduled for Tuesday, October 9, 2001:

institution and settlement of injunctive actions;
settlement of administrative proceedings of an enforcement nature; and a formal order.

Commissioner Hunt, as duty officer, determined that Commission business required the above change and that no earlier notice thereof was possible.

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: October 10, 2001.

Jonathan G. Katz,

Secretary.

[FR Doc. 01–25934 Filed 10–10–01; 4:42 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 hold the following meetings during the week of October 15, 2001:

Closed meetings will be held on Tuesday, October 16, and Thursday, October 18, 2001, at 10 a.m.

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

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)(5), (7), (9)(A), (9)(B), and (10) and 17 CFR 200.402(a)(5), (7), 9(i), 9(ii) and (10), permit consideration of the scheduled matters at the closed meetings.

The subject matter of the closed meeting scheduled for Tuesday, October 16, 2001, will be: opinions.

The subject matters of the closed meeting scheduled for Thursday, October 18, 2001, will be:

Institution and settlement of injunctive actions;
Institution and settlement of administrative proceedings of an enforcement nature; and formal orders.

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: October 10, 2001.

Jonathan G. Katz,

Secretary.

[FR Doc. 01–25935 Filed 10–10–01; 4:42 pm]

BILLING CODE 8010–01–M