

substitutions than before the proposed substitutions.

11. Applicants state that the proposed substitutions will not be treated as transfers that may be made by a JRA Contract owner in any period without a transfer charge. Applicants state that WRL will not, with respect to shares substituted, exercise its right that it may have under its JRA Contract to impose additional restrictions on transfers for a period of at least 30 days following the proposed substitutions. Each JRA Contract owner will be allowed one transfer of contract value with respect to shares substituted, for a period of 30 days following the proposed substitution, without that transfer counting toward any limit on free transfers under the JRA Contract.

12. Applicants state that affected JRA Contract owners will be notified of the proposed elimination of High-Yield Portfolio. In addition, Applicants further state that WRL will send affected JRA Contract owners a prospectus supplement which informs them that WRL and other applicants have filed an application for an order allowing WRL to undertake the substitutions described in the application and that affected JRA Contract owners may elect any time prior to the closing date of the substitution to transfer their interest in the sub-account corresponding to High-Yield Portfolio to any other sub-account, without such transfer counting toward any limits on free transfers under a JRA Contract. Applicants also state that with this JRA Contract owners have already received a current prospectus relating to Flexible Income Portfolio (which was included in a combined prospectus with High-Yield Portfolio).

13. Applicants state that once the proposed substitution are completed, a confirmation will be mailed to the JRA Contract owners reflecting the transfer of the JRA Contract values from the sub-accounts investing in High-Yield Portfolio to the sub-accounts investing in the substituted Flexible Income Portfolio. Applicants state that this confirmation will be sent within five days of the completion of the substitution. Applicants also state that, following the proposed substitution, Janus Capital, as the sole remaining shareholder of High-Yield Portfolio, will approve the final liquidation of the High-Yield Portfolio.

Applicants' Legal Analysis:

1. Applicants request that the Commission issue an order pursuant to Section 26(c) of the Act approving the substitution by WRL of shares of Flexible Income Portfolio for shares of

High-Yield Portfolio held by WRL Separate Account.

2. Section 26(c) 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. Section 26(c) also states that the Commission shall issue an order approving such substitution if the evidence established that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

3. Applicants state that WRL has reserved the right to substitute shares of another open-end management investment company in the JRA Contract and disclosed this reserved right in the prospectuses or statements of additional information for the JRA Contract.

4. Applicants note that, Flexible Income Portfolio is a substantially larger fund that High-Yield Portfolio and that the expense of Flexible Income Portfolio are lower than those of High-Yield Portfolio, even with the current expense limitation in place for High-Yield Portfolio. Applicants state, moreover, that the current expenses limitation for High-Yield Portfolio may be terminated at each annual renewal of High-Yield Portfolio's investment advisory contract, and there is no assurance this arrangement will continue in the future.

5. Applicants also maintain that the Flexible Income Portfolio is an appropriate substitute investment vehicle with regard to JRA Contract owner interests held in High-Yield Portfolio. WRL believes that the investment objectives and policies of Flexible Income Portfolio are sufficiently similar to those of High-Yield Portfolio so as to be appropriate for substitution. Flexible Income Portfolio invests primarily in a wide variety of income-producing securities such as corporate bonds and notes, government securities and preferred stock and may own an unlimited amount of high-yield/high risk bonds. During the fiscal year ended December 31, 2000, based upon a weighted monthly average, Flexible Income Portfolio held 16% of its net assets in securities rated BB. WRL believes JRA Contract owners that have allocated values to High-Yield Portfolio will find Flexible Income Portfolio to be an attractive and highly suitable alternative.

6. Applicants maintain that the purposes, terms and conditions of the substitution are consistent with the principles and purposes of Section 26(c) and do not entail any of the abuses that Section 26(c) is designed to prevent.

Applicants note that the JRA Contract provides each JRA Contract owner with the right to exercise his or her own judgment and transfer account values into other allocation options. Moreover, the JRA Contract will offer JRA Contract owners the opportunity to transfer amounts out of the sub-account corresponding to High-Yield Portfolio into any of the remaining sub-accounts without cost or other disadvantage.

Conclusion

Applicants submit that, for all of the reasons summarized above, the proposed substitution are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-21650 Filed 8-27-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Agency Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [to be published].

STATUS: Closed meeting.

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

DATE PREVIOUSLY ANNOUNCED: [to be published].

CHANGE IN THE MEETING: Additional Items.

The following items will be added to the closed meeting scheduled for Thursday, August 30, 2001, at 10 a.m.:

Formal Orders of Investigations

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 (202) 942-7070.

Dated: August 23, 2001.

Jonathan G. Katz,

Secretary.

[FR Doc. 01-21860 Filed 8-24-01; 3:59 pm]

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