imposition of any transfer or similar charge; (e) OpCap Advisors will assume any expenses and transaction costs relating to the Substitution, including legal and accounting fees and any brokerage commissions; (f) the Substitution will not alter the insurance benefits or contractual obligations of the Companies to ValueMaster Contractowners, or the tax benefits and consequences to ValueMaster Contractowners; and (g) the Substitution is expected to confer certain modest economic benefits to ValueMaster Contractowners by virtue of the possible enhanced asset size of the U.S. Government Portfolio, and to avoid the detriments associated with investment in the Bond Portfolio, whose assets are declining. In this regard, Applicants also note that, within five days after the Substitution, the Companies will send to ValueMaster Contractowners written notice of the Substitution stating that shares of the Bond Portfolio have been eliminated and that shares of the U.S. Government Portfolio have been substituted therefor. The Companies will include in such mailing a second supplement to the prospectuses of the Accounts which discloses that the Substitution has occurred. For the reason cited above, Applicants also contend that the terms of the proposed Substitution meet the standards of Section 17(b).

6. Applicants assert that the decreasing asset base of the Bond Portfolio, the impending redemption of Bond Portfolio shares by the unregistered account, and the mediocre performance results of the Bond Portfolio have made it difficult for that Portfolio to retain current investors and attract new investors. Moreover, Oppenheimer Life Agency's limited effort in selling the ValueMaster Contract, coupled with a constant amount of fixed costs incurred by the Bond Portfolio, can reasonably be expected to lead to an increase in the actual expenses of the Bond Portfolio in the future. In contrast, the actual expenses of the U.S. Government Portfolio can reasonably be expected to decrease in the future: net sales of U.S. Government Portfolio shares from its inception to date suggest that the asset base of that Portfolio will continue to grow; superior performance results should assist the U.S. Government Portfolio in retaining existing investors and attracting new investors; and the use of the U.S. Government Portfolio in various variable products should increase distribution capabilities.

7. Applicants also note that the continuous accumulation of assets of the U.S. Government Portfolio and positive reaction of investors of that Portfolio has persuaded OpCap Advisors to extend its voluntary agreement to limit the operating expenses of the U.S. Government Portfolio to 1.00 percent of its average daily net assets past April 30, 1997, to at least April 30, 1998. OpCap Advisors has not assured the Companies that it will do the same for the Bond Portfolio. Therefore, the total expense ratio of the Bond Portfolio may increase after April 30, 1997, whereas, through April 30, 1998, the total expenses of the U.S. Government Portfolio are guaranteed not to exceed 1.00 percent of its average daily net assets.

8. Applicants contend that the relatively small asset size of the Bond Portfolio hampers the ability to maintain optimal diversification of its investments. In contrast, increasing asset size will permit the U.S. Government Portfolio to purchase attractive portfolio securities. Consequently the U.S. Government Portfolio can be expected to achieve greater portfolio diversification and to react more readily to changes in market conditions. Applicants assert that ValueMaster Contractowners will benefit through the more effective management of a potentially larger asset base with more diversified portfolio securities, such as that available through the U.S. Government Portfolio.

9. Applicants submit that the ValueMaster Contracts reserve to the Companies the right to replace the shares of the Portfolios held by the Accounts with shares of another portfolio, such as the U.S. Government Portfolio, if: (a) shares of a Portfolio should no longer be available for investment by the Accounts; or (b) in the judgment of the Companies, further investment in a Portfolio should become inappropriate in view of the purpose of the ValueMaster Contracts. Any such substitution must be approved by the Commission and must comply with applicable rules and regulations. The Companies believe that further investment in shares of the Bond Portfolio is no longer appropriate in view of the purposes of the ValueMaster Contracts.

Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the proposed Substitution meets the standards set forth in Sections 26(b) and 17(b) of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

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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 February 3, 1997.

A closed meeting will be held on Wednesday, February 5, 1997, at 10:00 a.m.

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

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

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

The subject matter of the closed meeting scheduled for Wednesday, February 5, 1997, at 10:00 a.m., will be:

Injunction and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

Commissioner Johnson, as duty officer, determined 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: January 31, 1997.

Jonathan G. Katz,

Secretary.

[FR Doc. 97–2992 Filed 2–3–97; 2:07 pm]

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