

*Filing Date:* The application was filed on March 1, 2006.

*Applicant's Address:* First Trust Portfolios, L.P., 1001 Warrenville Rd., Suite 300, Lisle, IL 60532.

**Muni California Intermediate Duration Fund, Inc. [File No. 811-21347]**

*Summary:* Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

*Filing Dates:* The application was filed on January 3, 2006, and amended on March 8, 2006.

*Applicant's Address:* 800 Scudders Mill Rd., Plainsboro, NJ 08543-9011.

**Global Capital and Income Strategies Fund, Inc. [File No. 811-21578]**

*Summary:* Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

*Filing Dates:* The application was filed on January 3, 2006, and amended on March 8, 2006.

*Applicant's Address:* 800 Scudders Mill Rd., Plainsboro, NJ 08543-9011.

**Fidelity Government Securities Fund [File No. 811-2869]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On November 28, 1997, applicant transferred its assets to a corresponding series of the Fidelity Income Fund, based on net asset value. Expenses of approximately \$12,000 incurred in connection with the reorganization were paid by applicant.

*Filing Dates:* The application was filed on November 30, 2005, and amended on February 22, 2006.

*Applicant's Address:* 82 Devonshire St., Boston, MA 02109.

**Hillview Investment Trust II [File No. 811-9901]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On November 25, 2005, applicant made a liquidating distribution to its shareholders, based on net asset value. Expenses of \$3,000 incurred in connection with the liquidation were paid by applicant and Hillview Capital Advisors, LLC, applicant's investment adviser.

*Filing Dates:* The application was filed on January 25, 2006, and amended on March 3, 2006.

*Applicant's Address:* c/o PFPC Inc., 400 Bellevue Parkway, Wilmington, DE 19809.

**TD Waterhouse Trust [File No. 811-9519]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On July 8, 2005, applicant's six series transferred their assets to corresponding series of T. Rowe Price Index Trust, Inc., T. Rowe Price International Index Fund, Inc., or T. Rowe Price U.S. Bond Index Fund, Inc., based on net asset value. Expenses of \$534,576 incurred in connection with the reorganization were paid by TD Waterhouse Investor Services, Inc., an affiliate of applicant's investment adviser.

*Filing Dates:* The application was filed on November 29, 2005, and amended on March 6, 2006.

*Applicant's Address:* 100 Wall St., New York, NY 10005.

**Variable Life Account C of ING Life Insurance and Annuity Company [File No. 811-9665]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. Prior to April 30, 2003, each existing group life certificate was surrendered and the amount of insurance in effect was converted to a substantially comparable flexible premium general account life insurance policy. Expenses of \$4,000 incurred in connection with the liquidation were paid by ING Life Insurance and Annuity Company.

*Filing Dates:* The application was filed on February 6, 2006 and amended on March 13, 2006.

*Applicant's Address:* 151 Farmington Avenue, Hartford, CT 06156.

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

**Nancy M. Morris,**

*Secretary.*

[FR Doc. E6-5006 Filed 4-5-06; 8:45 am]

**BILLING CODE 8010-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. IC-27276; File No. 812-13187]

**Pacific Life Insurance Company, et al.**

March 30, 2006.

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

**ACTION:** Notice of an application for an order pursuant to Section 26(c) of the Investment Company Act of 1940

("1940 Act") approving a substitution of securities.

**APPLICANTS:** Pacific Life Insurance Company ("Pacific Life"); Separate Account A of Pacific Life ("Pacific Separate Account A"); Separate Account B of Pacific Life ("Pacific Separate Account B"); Pacific Select Variable Annuity Separate Account of Pacific Life ("PSVA Separate Account"); Pacific Select Exec Separate Account of Pacific Life ("Pacific PSE Separate Account"); Pacific Life & Annuity Company ("PL&A"); Separate Account A of PL&A ("PL&A Separate Account A"); Pacific Select Exec Separate Account of PL&A ("PL&A PSE Separate Account") (Pacific Separate Account A, Pacific Separate Account B, PSVA Separate Account, Pacific PSE Separate Account, PL&A Separate Account A and PL&A PSE Separate Account, are collectively referred to herein as the "Separate Accounts"); and Pacific Select Fund ("Select Fund") (Pacific Life, PL&A, the Separate Accounts and Select Fund are collectively referred to herein as the "Applicants")

**SUMMARY OF APPLICATION:** Applicants request an order pursuant to section 26(c) of the 1940 Act to permit the substitution of shares of the American Funds Growth-Income Portfolio of Select Fund ("Growth-Income Portfolio" or "Substitute Portfolio") for shares of the Equity Income Portfolio of Select Fund ("Equity Income Portfolio" or "Replaced Portfolio") held by each Separate Account ("Substitution").

**FILING DATES:** The application was filed with the Commission on April 29, 2005. Applicants have agreed to file a final amendment during the notice period, the substance of which is reflected in this notice.

**HEARING OR NOTIFICATION:** An order granting the Application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's secretary 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 April 24, 2006, and should be accompanied by proof of service on Applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 100 F Street,

NE., Washington, DC 20549-1090. Applicants, 700 Newport Center Drive, Newport Beach, CA 92660.

**FOR FURTHER INFORMATION CONTACT:** Michael Kosoff, Staff Attorney, at (202) 551-6754 or Harry Eisenstein, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 551-6795.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Room, 100 F Street, NE., Room 1580, Washington, DC 20549 (202-551-8090).

### Applicants' Representations

1. Pacific Life is a life insurance company that is domiciled in Nebraska. Along with subsidiaries and affiliates, Pacific Life's operations include life insurance, annuities, pension and institutional products, mutual funds, group employee benefits, broker/dealer operations and investment advisory services. Pacific Life and PL&A issue variable annuity contracts and variable life insurance policies, including those currently funded by a Separate Account (each, a "Variable Contract" and collectively, the "Variable Contracts").

2. Pacific Separate Account A was established on September 7, 1994, as a segregated asset account of Pacific Life and is registered with the Commission as a unit investment trust. Pacific Separate Account A currently funds the variable benefits available under various variable annuity contracts issued by Pacific Life. Interests in Pacific Separate Account A under each Variable Contract funded by Pacific Separate Account A are registered under the Securities Act of 1933, as amended (the "1933 Act").<sup>1</sup> Pacific Life is the legal owner of the assets in Pacific Separate Account A. Assets of Pacific Separate Account A attributable to the reserves and other liabilities under the outstanding Variable Contracts funded by Pacific Separate Account A may not be charged with liabilities arising from other Pacific Life business.

3. Pacific Separate Account B was established on September 25, 1996, as a segregated asset account of Pacific Life and is registered with the Commission as a unit investment trust. Pacific Separate Account B currently funds the variable benefits available under various variable annuity contracts issued by

Pacific Life. Interests in Pacific Separate Account B under each Variable Contract funded by Pacific Separate Account B are registered under the 1933 Act.<sup>2</sup> Pacific Life is the legal owner of the assets in Pacific Separate Account B. Assets of Pacific Separate Account B attributable to the reserves and other liabilities under the outstanding Variable Contracts funded by Pacific Separate Account B may not be charged with liabilities arising from other Pacific Life business.

4. PSVA Separate Account was established on November 30, 1989, as a segregated asset account of Pacific Life and is registered with the Commission as a unit investment trust. PSVA Separate Account currently funds the variable benefits available under a variable annuity contract designated as Pacific Select Variable Annuity ("PSVA"). PSVA Separate Account interests in PSVA are registered under the 1933 Act.<sup>3</sup> Pacific Life is the legal owner of the assets in PSVA Separate Account. Assets of PSVA Separate Account attributable to the reserves and other liabilities under the Variable Contracts funded by PSVA Separate Account may not be charged with liabilities arising from any other Pacific Life business.

5. Pacific PSE Separate Account was established on May 12, 1988, as a segregated asset account of Pacific Life and is registered with the Commission as a unit investment trust. Pacific PSE Separate Account currently funds the variable benefits available under various flexible premium variable life insurance policies. Interests in Pacific PSE Separate Account under each Variable Contract funded by Pacific PSE Separate Account are registered under the 1933 Act.<sup>4</sup> Pacific Life is the legal owner of the assets in Pacific PSE Separate Account. Assets of Pacific PSE Separate Account attributable to the reserves and other liabilities under the outstanding Variable Contracts funded by Pacific PSE Separate Account may not be

charged with liabilities arising from other Pacific Life business.

6. PL&A is a life insurance company domiciled in Arizona. It is a wholly-owned subsidiary of Pacific Life. PL&A's operations include life insurance, annuity and institutional products, group life and health insurance and various other insurance products and services. PL&A also issues Variable Contracts. PL&A is authorized to conduct life insurance and annuity business in Arizona, New York and certain other states.

7. PL&A Separate Account A was established on January 25, 1999, as a segregated asset account of PL&A and is registered with the Commission as a unit investment trust. PL&A Separate Account A currently funds the variable benefits available under various variable annuity contracts issued by PL&A. Interests in PL&A Separate Account A under each Variable Contract funded by PL&A Separate Account A are registered under the 1933 Act.<sup>5</sup> PL&A is the legal owner of the assets in PL&A Separate Account A. Assets of PL&A Separate Account A attributable to the reserves and other liabilities under the outstanding Variable Contracts funded by PL&A Separate Account A may not be charged with liabilities arising from other PL&A business.

8. PL&A PSE Separate Account was established on September 24, 1998, as a segregated asset account of PL&A and is registered with the Commission as a unit investment trust. PL&A PSE Separate Account currently funds the variable benefits available under various flexible premium variable life insurance policies. Interests in PL&A PSE Separate Account under each Variable Contract funded by PL&A PSE Separate Account are registered under the 1933 Act.<sup>6</sup> PL&A is the legal owner of the assets in PL&A PSE Separate Account. Assets of PL&A PSE Separate Account attributable to the reserves and other liabilities under the outstanding Variable Contracts funded by PL&A PSE Separate Account may not be charged with liabilities arising from other PL&A business.

9. Select Fund is a registered open-end management investment company that currently offers 34 separate

<sup>2</sup> Pacific Life and Pacific Separate Account B have filed a Form N-4 Registration Statement under the 1933 Act relating to the Variable Contracts funded by Pacific Separate Account B (File Nos. 333-14131 and 811-07859).

<sup>3</sup> Pacific Life and PSVA Separate Account have filed a Form N-4 Registration Statement under the 1933 Act relating to the Variable Contracts funded by PSVA Separate Account (File Nos. 33-32704 and 811-05980).

<sup>4</sup> Pacific Life and Pacific PSE Separate Account have filed Form N-6 Registration Statements under the 1933 Act relating to the various Variable Contracts funded by Pacific PSE Separate Account (File Nos. 33-21754, 33-57908, 333-01713, 333-20355, 333-60461, 333-61135, 333-102902, 333-106969, 333-118913 and 811-05563).

<sup>5</sup> PL&A and PL&A Separate Account A have filed Form N-4 Registration Statements under the 1933 Act relating to the various Variable Contracts funded by PL&A Separate Account A (File Nos. 333-71081, 333-100907, 333-107571 and 811-09203).

<sup>6</sup> PL&A and PL&A PSE Separate Account have filed Form N-6 Registration Statements under the 1933 Act relating to the various Variable Contracts funded by PL&A PSE Separate Account (File Nos. 333-62446, 333-80825, 333-106653, 333-106721 and 811-09389).

<sup>1</sup> Pacific Life and Pacific Separate Account A have filed Form N-4 Registration Statements under the 1933 Act registering the various Variable Contracts funded by Pacific Separate Account A (File Nos. 333-60833, 33-88460, 33-88458, 33-88458, 333-93059, 333-93059, 333-53040 and 811-08946).

portfolios. Shares of Select Fund currently are offered only to the Separate Accounts for the purpose of serving as an investment vehicle for variable annuity contracts and variable life insurance policies offered or administered by Pacific Life and PL&A (collectively, the "PL Insurers"). Pursuant to an Advisory Agreement, Pacific Life serves as the investment adviser of Select Fund.

10. Select Fund began offering shares of the Equity-Income Portfolio ("Replaced Portfolio") on January 2, 2002. Putnam Investment Management, LLC serves as the Portfolio Manager to the Replaced Portfolio. As of December

31, 2005, the Replaced Portfolio had approximately \$160.9 million in assets.

11. Since May 1, 2005, Select Fund has offered shares of the Growth-Income Portfolio ("Substitute Portfolio"). The Substitute Portfolio does not invest directly in securities but instead invests all of its assets in Class 2 shares of the American Funds Growth-Income Fund (the "Master Fund"). The Master Fund is a series of American Funds Insurance Series® and invests directly in securities. Capital Research and Management Company serves as investment adviser to the Master Fund. As of December 31, 2005, the Substitute Portfolio had \$783.9 million in assets.

12. The PL Insurers and the Board of Trustees of Select Fund made a strategic

determination to replace the sub-adviser of the Replaced Portfolio, which sub-advised two other portfolios in addition to the Replaced Portfolio. This decision was based primarily on the concerns of potential effects of recent regulatory events respecting such sub-adviser. With respect to the Replaced Portfolio, the PL Insurers and the Board of Trustees have determined that this Substitution is an appropriate means to effectively replace the sub-adviser.

13. The following chart sets out the investment objectives and certain policies of each Portfolio as stated in the Fund's most recent post-effective amendment to its registration statement.

Replaced Portfolio (Equity Income Portfolio)	Substitute Portfolio (Growth-Income Portfolio)
<p>Investment Goal: Seeks current income; capital growth is of secondary importance.</p>	<p>Investment Goal: Seeks long-term growth of capital and income.</p>
<p>Main Investments: The Replaced Portfolio invests primarily in common stocks of large U.S. companies, with a focus on value stocks that offer the potential for current income and may also offer the potential for capital growth. Value stocks are those that the manager believes are currently undervalued by the market. To determine whether to buy or sell investments, Putnam Investment Management, LLC, the portfolio manager, will consider, among other factors, a company's financial strength, competitive position in its industry, projected future earnings, cash flows and dividends. The Replaced Portfolio will normally invest at least 80% of its assets in common stocks and other equity investments. The manager may invest up to 20% of its assets in foreign securities that are principally traded outside the U.S. including emerging market securities (American Depositary Receipts (ADRs) are excluded from this limit), preferred stocks, convertible securities, and fixed income securities, including high yield (junk) bonds. The Replaced Portfolio may invest up to 20% of its net assets in lower-rated high-yield (junk) bonds. The manager may use derivatives (such as options, futures contracts, swaps and warrants) to try to increase returns, for hedging purposes, as a substitute for securities, or to otherwise help achieve the Replaced Portfolio's investment goal. The manager may use foreign currency contracts or derivatives to hedge against changes in currency exchange rates.</p>	<p>Main Investments: The Substitute Portfolio invests all of its assets in Class 2 shares of the Master Fund. In turn, the Master Fund seeks to make shareholders' investments grow and to provide income over time by investing primarily in common stocks or other securities which demonstrate the potential for appreciation and/or dividends. The Master Fund is designed for investors seeking both long-term growth of capital and income.</p> <p>The Master Fund may invest up to 15% of its assets in equity securities of issuers domiciled outside the U.S. and Canada and not included in S&amp;P 500 Index.</p> <p>The Master Fund may invest up to 5% of its assets in nonconvertible debt securities rated Ba or below by Moody's and BB or below by S&amp;P or in unrated securities that are determined to be of equivalent quality (junk bonds).</p> <p>The Master Fund currently does not intend to purchase and sell currencies to facilitate securities transactions and enter into forward currency contracts to protect against changes in currency exchange rates other than to facilitate the settlement of trades.</p>
<p>Principal risks:</p> <ul style="list-style-type: none"> <li>• price volatility risk—the Replaced Portfolio principally invests in equity securities, which tend to go up or down in value, sometimes rapidly and unpredictably. The prices of equity securities change in response to many factors, including a company's historical and prospective earnings, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. The Replaced Portfolio may invest in small and medium-sized companies, which may be riskier and more susceptible to greater price swings than large companies because they may have fewer financial resources, limited product and market diversification, greater potential volatility in earnings and business prospects, and many are dependent on a few key managers.</li> <li>• foreign investment risk—foreign investments may be riskier than U.S. investments for many reasons, including changes in currency exchange rates, unstable political and economic conditions, lack of adequate and timely company information, differences in the way securities markets operate, relatively lower market liquidity, less stringent financial reporting and accounting standards and controls, less secure foreign banks or securities depositories than those in the U.S., foreign taxation issues and foreign controls on investment.</li> <li>• interest rate risk—the value of bonds and short-term money market instruments may fall when interest rates rise. Bonds with longer durations tend to be more sensitive to changes in interest rates, making them more volatile than bonds with shorter durations or money market instruments.</li> </ul>	<p>Principal risks:</p> <ul style="list-style-type: none"> <li>• price volatility risk—the Master Fund principally invests in equity securities, which may go up or down in value, sometimes rapidly and unpredictably. The Master Fund invests in companies that the portfolio counselors think have the potential for above average growth, which may give the Master Fund a higher risk of price volatility than a portfolio that invests principally in equities that are "undervalued."</li> <li>• foreign investment risk—foreign investments may be riskier than U.S. investments for many reasons, including changes in currency exchange rates, unstable political and economic conditions, lack of adequate and timely company information, differences in the way securities markets operate, relatively lower market liquidity, less stringent financial reporting and accounting standards and controls, less secure foreign banks or securities depositories than those in the U.S., foreign taxation issues and foreign controls on investment.</li> <li>• interest rate risk—the value of bonds and short-term money market instruments may fall when interest rates rise. Bonds with longer durations tend to be more sensitive to changes in interest rates, making them more volatile than bonds with shorter durations or money market instruments.</li> </ul>

Replaced Portfolio (Equity Income Portfolio)	Substitute Portfolio (Growth-Income Portfolio)
<ul style="list-style-type: none"> <li>• credit risk—a fixed income security’s issuer may not be able to meet its financial obligations and go bankrupt. High-yield/high-risk bonds, i.e., low credit ratings by Moody’s (Ba and lower) or Standard &amp; Poor’s (BB and lower), or no rating, but are of comparable quality, are especially subject to credit risk during periods of economic uncertainty or during economic downturns and are considered to be mostly speculative in nature. Not all U.S. government securities are backed or guaranteed by the U.S. Some are supported only by the credit of the issuing agency, which depend entirely on their own resources to repay their debt, and are subject to the risk of default.</li> <li>• emerging countries—investments in emerging market countries (such as many in Latin America, Asia, the Middle East, Eastern Europe and Africa) may be riskier than in developed markets, for many reasons, including smaller market capitalizations, greater price volatility, less liquidity, higher degree of political and economic instability, less governmental regulation of the financial industry and markets, and less stringent financial reporting and accounting standards and controls. Such investments may also involve risk of loss resulting from problems in share registration and custody, especially in Eastern European countries such as Russia.</li> </ul>	<ul style="list-style-type: none"> <li>• credit risk—a fixed income security’s issuer may not be able to meet its financial obligations and go bankrupt. High-yield/high-risk bonds, i.e., low credit ratings by Moody’s (Ba and lower) or Standard &amp; Poor’s (BB and lower), or no rating, but are of comparable quality, are especially subject to credit risk during periods of economic uncertainty or during economic downturns and are considered to be mostly speculative in nature. Not all U.S. government securities are backed or guaranteed by the U.S. Some are supported only by the credit of the issuing agency, which depend entirely on their own resources to repay their debt, and are subject to the risk of default.</li> <li>• master/feeder mutual fund structure—the Substitute Portfolio operates as a “feeder portfolio” which means it invests all of its assets in the Master Fund. The Substitute Portfolio has a similar investment objective and the same limitations as the master fund in which it invests. The Substitute Portfolio does not buy investment securities directly. The Master Fund, on the other hand, invests directly in portfolio securities.</li> </ul> <p>Under the master/feeder structure, the Substitute Portfolio may withdraw its investment in the Master Fund if approved by the Board of Trustees. Prior to any such withdrawal, the Board would consider what action might be taken, including the investment of all the assets of the Substitute Portfolio in another pooled investment entity having the same or similar investment objective as the Substitute Portfolio, request Pacific Life to manage the Substitute Portfolio directly or hire another portfolio manager to manage the Substitute Portfolio, or take other action.</p> <p>Because the Substitute Portfolio invests all of its assets in the Master Fund, the Substitute Portfolio will bear the fees and expenses of the Substitute Portfolio and the Master Fund in which it invests. The Substitute Portfolio’s expenses may be higher than those of other mutual funds which invest directly in securities. The master/feeder structure is different from that of most of the other portfolios of Select Fund and many other investment companies. The Master Fund may have other shareholders, each of whom will pay their proportionate share of the Master Fund’s expenses. The Master Fund may change its investment objectives, policies, managers, expense limitation agreements and other matters relating to the Master Fund without approval of the Substitute Portfolio or the Substitute Portfolio’s Board.</p> <ul style="list-style-type: none"> <li>• derivatives and forward contracts—derivatives (such as futures and options contracts) derive their value from the value of an underlying security, a group of securities or an index. Synthetics are artificially created by using a collection of other assets whose combined features replicate the economic characteristics of a direct investment. The Replaced Portfolio’s use of derivatives, synthetics, forward commitments and currency transactions could reduce returns, increase portfolio volatility, may not be liquid, and may not correlate precisely to the underlying securities or index. All of these investments, including repurchase agreements, are particularly sensitive to counterparty risk.</li> </ul>

Although both the Master Fund and the Replaced Portfolio are permitted to invest in high yield bonds, derivative instruments and emerging markets securities, neither the Master Fund nor the Replaced Portfolio held significant investments in these categories as of December 31, 2005. Both the Master Fund and the Replaced Portfolio are considered to be “Large Value” funds by Morningstar, Inc., a leading provider of independent investment research.

14. Pacific Life, as investment adviser to the Substitute Portfolio, is responsible for monitoring the performance and continued appropriateness of the Master Fund for

the Substitute Portfolio. Pacific Life may recommend to the Substitute Portfolio’s Board (or the Board may, on its own determine) that the Substitute Portfolio should withdraw its assets from the Master Fund, upon appropriate notice to the Master Fund. Investment in the Master Fund is not a fundamental policy of the Substitute Portfolio, consequently, the Board may authorize the Substitute Portfolio’s withdrawal from the Master Fund without a shareholder vote.

15. The following chart compares the advisory fees, 12b–1 fees (if any), operating expenses and total expenses expressed as an annual percentage of

average daily net assets, both before and after giving effect to fee waivers and expense reimbursements. The figures for the Substitute Portfolio set forth the fees and expenses at both the master and feeder levels. The fees and expenses quoted for the Replaced Portfolio, Master Fund and Substitute Portfolio are for the year ended December 31, 2005. As the chart demonstrates, while the Replaced Portfolio has the same total expenses as the Substitute Portfolio has before giving effect to fee waivers, the Substitute Portfolio is expected to have lower total net expenses than the Replaced Portfolio after giving effect to fee waivers.

Replaced Portfolio	Substitute Portfolio
Advisory Fees 0.95% .....	Feeder Fund Level
Other Expenses 0.06% .....	Advisory Fees <sup>7</sup> 0.42%
Total Expenses of Replaced Portfolio 1.01% .....	Other Expenses 0.03%
	Total Expenses of Feeder Fund 0.45%
	Advisory Fee Waiver <sup>8</sup> (0.06%)
	Total Net Expenses of Feeder Fund 0.39%
	Master Fund Level
	Advisory Fees <sup>9</sup> 0.28%
	12b-1 Fees 0.25%
	Other Expenses 0.01%
	Total Expenses of Master Fund <sup>10</sup> 0.54%
	Total Expenses of Master and Feeder
	Total Expenses 0.99%
	Less Advisory Fee Waiver (0.06%)
	Total Net Expenses 0.93%

Pursuant to the Investment Advisory Agreement between Pacific Life and Select Fund with respect to the Substitute Portfolio, Pacific Life's advisory fee will be 0.95% minus the annual rates of any advisory and 12b-1 fees paid by a master fund in which the Substitute Portfolio invests in a master/feeder arrangement. In the event that the Master Fund level advisory fees and 12b-1 fees exceed 95 basis points, Pacific Life will subsidize any fees in excess of this amount for the life of the Substitute Portfolio or until the fee is changed pursuant to a shareholder vote.

The Advisory Fee Waiver, with respect to the Feeder Fund Level expenses, shown in the chart above is put into place through an Advisory Fee Waiver Agreement between Select Fund and Pacific Life ("Waiver Agreement"). Under the terms of the Waiver Agreement, Pacific Life agrees to limit its total advisory fee to 0.36% annually

during the term of the agreement. The Waiver Agreement has an initial term ending on the earlier of May 1, 2007, or such time as the Substitute Portfolio no longer invests substantially all of its assets in the Master Fund.

In addition to the Waiver Agreement, Pacific Life has contractually committed to waive that portion of its advisory fee and/or reimburse expenses with respect to the Substitute Portfolio such that the net fees and expenses, considering both the master and feeder levels, paid by shareholders invested in the Substitute Portfolio will not exceed an annual rate of 1.01% of the Substitute Portfolio's average daily net assets. In order to effectuate this commitment, Pacific Life and Select Fund have entered into an Expense Limitation Agreement. Under the terms of the Expense Limitation Agreement, Pacific Life will reimburse the Substitute Portfolio an amount necessary to ensure that portfolio net

operating expenses do not exceed an annual rate of 1.01% during the term of the Expense Limitation Agreement. The Expense Limitation Agreement has an initial term of two years from the date the Substitution requested by the Application occurs (the "Effective Date"). Separate Account expenses also will not be increased during this two-year period for Contractholders that invest in the Replaced Portfolio on the Effective Date of the substitution (the "Affected Contractholders").

16. The following chart compares the historical performance of the Replaced Portfolio to the historical performance of the Master Fund for the periods shown. The Master Fund's historical performance has been adjusted to reflect the estimated expenses of the Substitute Portfolio at the feeder fund level, as if the Substitute Portfolio had invested in the Master Fund for the periods presented.

Replaced Portfolio	Substitute Portfolio
<i>Calendar Year Ended:</i>	<i>Calendar Year Ended:</i>
2005 5.63%	2005 5.43%
2004 12.19%	2004 9.98%
2003 26.24%	2003 32.04%
2002* (13.54)%	2002 (18.73)%
<i>Average Annual Total Return as of December 31, 2005:</i>	<i>Average Annual Total Return as of December 31, 2004:</i>
1 year 5.63%	1 year 5.44%
3 years 14.37%	3 years 15.26%
5 years N/A	5 years 4.92%
10 years N/A	10 years 10.17%

\*Inception date 1/2/02.

17. Applicants will effect the Substitution as soon as practicable following the issuance of the requested order. As of the Effective Date, shares of

the Replaced Portfolio will be redeemed for cash. The PL Insurers, on behalf of the subaccount of each relevant Separate Account investing in the

Replaced Portfolio, will simultaneously place a redemption request with the Replaced Portfolio and a purchase order with the Substitute Portfolio so that the

<sup>7</sup> Under an addendum to the amended and restated advisory agreement between the Substitute Portfolio and Pacific Life, advisory fees are payable to Pacific Life, as investment adviser to the Substitute Portfolio, at an annual rate of 0.95% reduced by the sum of the annual rates of any

investment advisory fees and 12b-1 fees paid by the Master Fund.

<sup>8</sup> This waiver reflects the terms of an advisory fee waiver agreement described below.

<sup>9</sup> CRMC, the Adviser to the Master Fund, began waiving 5% of its advisory fees on September 1, 2004. Beginning April 1, 2005, this waiver

increased to 10% and will continue at this level until further review by CRMC. Total Expenses of the Master Fund do not reflect this waiver.

<sup>10</sup> The Total Expenses of the Master Fund do not include a non-contractual advisory fee waiver of 0.02%.

purchase of the Substitute Portfolio shares will be for the exact amount of the redemption proceeds, and thus Variable Contract values will remain fully invested at all times. The proceeds of such redemptions will then be used to purchase the appropriate number of shares of the Substitute Portfolio. Following the Substitution, the Replaced Portfolio will no longer be offered through the Variable Contracts.

18. The Substitution will take place at relative net asset value (in accordance with Rule 22c-1 under the 1940 Act) with no change in the amount of any Affected Contractholder's accumulation value or death benefit or in dollar value of his or her investment in the applicable Separate Account. No brokerage commissions, fees or other remuneration will be paid by either the Replaced Portfolio or the Substitute Portfolio or by Affected Contractholders in connection with the Substitution. The transactions comprising the Substitution will be consistent with the policies of each investment company involved and with the general purposes of the 1940 Act.

19. Affected Contractholders will not incur any fees or charges as a result of the Substitution nor will their rights or the relevant PL Insurer's obligations under the Variable Contracts be altered in any way. The PL Insurers or their affiliates will pay all expenses and transaction costs of the Substitution, including legal and accounting expenses, any applicable brokerage expenses, and other fees and expenses. In addition, the Substitution will not impose any tax liability on Affected Contractholders. The Substitution will not cause the Variable Contract fees and charges currently being paid by Affected Contractholders to be greater after the Substitution than before the Substitution.

20. Currently, each Affected Contractholder is subject to transfer limitations which are stated in the applicable prospectus. Generally, an Affected Contractholder may not make more than twenty-five (25) transfers per calendar year and may only make one "safe harbor" transfer into the Money Market Portfolio once the 25 transfer limit is reached. Additionally, an Affected Contractholder may not make more than two transfers per calendar month involving international portfolios. Multiple transfers among the portfolios on the same day count as one transfer. Transfers to or from a portfolio cannot be made before the seventh calendar day following the last transfer to or from the same portfolio. If the seventh calendar day is not a business day, then a transfer may not occur until

the next business day. The day of the last transfer is not considered a calendar day for purposes of meeting this requirement. Currently, there are no fees imposed for transfers among the investment options, but a transfer fee of up to \$15 per transfer may be imposed in the future for transfers in excess of fifteen (15) in any contract year. The above transfer restrictions are referred to as "Frequent Trading Policies."

However, as described more fully below, for a 60 day period commencing 30 days prior to the Effective Date and ending 30 days after the Effective Date ("Free Transfer Period"), Affected Contractholders may reallocate to any other investment options available under their Variable Contract their accumulation value allocated to each subaccount invested in the Replaced Portfolio ("Replaced Subaccount") and each subaccount invested in the Substitute Portfolio (together with the Replaced Subaccounts, the "Affected Subaccounts") without incurring any administrative costs or allocation (transfer) charges and such reallocation will not count toward the Frequent Trading Policies. In effect, each transfer by Affected Contractholders from the Affected Subaccounts during the Free Transfer Period will be a "free transfer;" if Affected Contractholders reallocate accumulation value in the Affected Subaccounts only during the Free Transfer Period, there will be no charge for the entire reallocation of accumulated value from that Affected Subaccount and the entire reallocation will not be counted toward the total number of reallocations made within the calendar year or Variable Contract year for purposes of determining the number of reallocations that may be made pursuant to the Frequent Trading Policies with respect to the Affected Subaccounts, or that may be made without incurring any potential future administrative or transfer fees, if any, under the relevant Variable Contract. The PL Insurers will not exercise any right they may have under the Variable Contracts to impose additional restrictions or fees on the free transfer from the Affected Subaccounts under the Variable Contracts during the Free Transfer Period.

21. All Affected Contractholders have been or will be sent notification of this Application by means of supplements to the prospectuses for the Variable Contracts on or shortly before or after the date that this Application is filed. Among other information regarding the proposed Substitution, the supplements will inform Affected Contractholders that the PL Insurers will not exercise any rights reserved by them under the

Variable Contracts to impose additional restrictions or fees on transfers from the Affected Subaccounts during the Free Transfer Period. Following the date the order requested by this Application is issued, but before the Effective Date, PL Insurers will send Affected Contractholders a notice (the "Substitution Notice") setting forth the scheduled Effective Date as well as the commencement date and precise duration of the Free Transfer Period. The Substitution Notice will advise Affected Contractholders of their right, if they choose, at any time during the Free Transfer Period, to reallocate to any other investment options available under their Variable Contract their accumulation value allocated to each Affected Subaccount 30 days prior to and after the Effective Date without incurring any administrative costs or allocation (transfer) charges and such reallocation will not count toward determining the number of reallocations that may be made pursuant to the Frequent Trading Policies (a "free transfer"). Any additional transfers beyond the "free transfer" must be made in accordance with the terms and conditions of the Variable Contracts.

22. Within five (5) business days after the Effective Date, Affected Contractholders will be sent a notice ("Post-Substitution Confirmation") showing that each Affected Contractholder's interest in the Affected Subaccount invested the Replaced Portfolio has been transferred in exchange for units of the Subaccounts that invest in the Substitute Portfolio, and confirming the transactions effected on behalf of the respective Affected Contractholder with regard to the Substitution. All current Contractholders will have been sent a Select Fund prospectus containing a description of the Substitute Portfolio before the Effective Date.

#### **Applicants' Legal Analysis**

1. Section 26(c) of the 1940 Act prohibits any depositor or trustee of a unit investment trust that invests exclusively in the securities of a single issuer from substituting the securities of another issuer without the approval of the Commission. Section 26(c) provides that such approval shall be granted by order of the Commission, if the evidence establishes that the substitution is consistent with the protections of investors and the purposes fairly intended by the policy and the provisions of the 1940 Act.

2. Section 26(c) of the 1940 Act was enacted as part of the Investment Company Act Amendments of 1970. Prior to the enactment of these

amendments, a depositor or 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.

3. Applicants assert that the proposed Substitution appears to involve a substitution of securities within the meaning of section 26(c) of the 1940 Act. The Applicants therefore request an order from the Commission pursuant to Section 26(c) approving the proposed Substitution.

4. Applicants contend that although not identical, the investment objective of the Substitute Portfolio is compatible with that of the Replaced Portfolio. In addition, Applicants believe that the investment policies of the Substitute Portfolio are substantially similar to those of the Replaced Portfolio and assure that the investment objectives of Affected Contractholders can continue to be met.

5. Applicants note that the Commission has previously granted Section 26(c) orders to permit the substitution of one fund for another where the investment policies or restrictions or both were not exactly the same. In addition to the foregoing, Applicants generally submit that the Substitution meets the standards that the Commission and its staff have applied to similar substitutions that have been approved in the past.

6. Applicants state that the expenses of the Substitute Portfolio will be slightly lower than those experienced by the Replaced Portfolio, after giving effect to applicable fee waivers. The total net annualized expenses of the Replaced Portfolio, expressed as a percentage of net assets, is 1.01%. The total net annualized expenses of the Substitute Portfolio (including the net fees and expenses incurred by the Master Fund), expressed as a percentage of net assets, is expected to be 0.93%. Pursuant to the Expense Limitation Agreement with respect to the Substitute Portfolio, the total net annualized expenses are limited to 1.01% of the Substitute Portfolios average daily net assets for a period not less than two years from the Effective Date.

7. Applicants state that the Substitution will take place at relative net asset value (in accordance with Rule 22c-1 under the 1940 Act) with no change in the amount of any Affected Contractholder's accumulation value or death benefit or in dollar value of his or her investment in the Separate Accounts. Affected Contractholders will not incur any fees or charges as a result of the Substitution, nor will their rights or the PL Insurer's obligations under the affected Variable Contracts be altered in any way. In addition, the Substitution will not impose any tax liability on Affected Contractholders. The PL Insurers or their affiliates will pay all expenses incurred with the Substitution, including legal, accounting, and other fees and expenses.

8. Applicants also note that the Substitution will not cause the affected Variable Contract fees and charges currently being paid by Affected Contractholders to be greater after the Substitution than before the Substitution. In addition, while the PL Insurers do not anticipate increasing Variable Contract fees and/or charges paid by any current Contractholders, the PL Insurers have agreed not to increase the Variable Contract fees and charges specified in the Variable Contracts for a period of at least two years following the Substitution.

9. Applicants note that each Affected Contractholder will be sent a copy of: (1) A supplement informing shareholders of the proposed substitution; (2) a Substitution Notice setting forth the Effective Date and advising Affected Contractholders of their right to reconsider the Substitution and, if they so choose, any time during the Free Transfer Period, to withdraw or reallocate accumulation value under the affected Variable Contract; and (3) within five business days of the Effective Date, a Post-Substitution Confirmation.

10. Applicants note that each of the Variable Contracts reserves to the PL Insurers the right, subject to compliance with applicable law, to substitute shares of another open end management investment company for shares of an open end management investment company held by a subaccount of a Separate Account. The prospectuses for the Variable Contracts and the Separate Accounts contain appropriate disclosure of this right. The PL Insurers reserve this right of substitution to address situations where continued investment in an underlying investment option becomes unsuitable or unavailable.

11. Applicants assert that 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 Variable Contracts provide each Contractholder with the right to exercise his or her own judgment and transfer accumulation values into other subaccounts. Moreover, the Variable Contracts will offer Contractholders the opportunity to transfer amounts out of the affected subaccounts into any of the remaining subaccounts without cost or other disadvantage. The Substitution, therefore, will not result in the type of costly forced redemption which Section 26(c) was designed to prevent.

12. Applicants also contend that the Substitution also is unlike the type of substitution which Section 26(c) was designed to prevent in that by purchasing a Variable Contract, Contractholders select much more than a particular investment company in which to invest their account values. They also select the specific type of death benefit and other optional benefits offered by the PL Insurers in their Variable Contracts as well as numerous other rights and privileges set forth in the Variable Contracts. Contractholders may also have considered the PL Insurers' size, financial condition, and reputation for service in selecting their Variable Contract. The Applicant states that these factors will not change as a result of the Substitution.

13. Applicants contend that the Substitution will not result in the type of costly forced redemption that Section 26(c) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act, because of what the Applicants consider to be the significant terms of the Substitution. These terms include:

(a) The Replaced Portfolio has investment objectives that Applicants believe are compatible with and policies and risks substantially similar to those of the Substitute Portfolio so that the objective of the Affected Contractholders can continue to be met.

(b) For two years following the implementation of the Substitution described herein, the net operating expenses of the Substitute Portfolio (including the net fees and expenses incurred by the Master Fund) will not exceed an annual rate of 1.01% of its average daily net assets.

(c) Affected Contractholders may reallocate accumulation value in the Affected Subaccounts during the sixty-day Free Transfer Period, with no charge for the reallocations of accumulated value from each Affected Subaccount. The reallocations will not be counted toward the total number of

reallocations made within the calendar year or Variable Contract year for purposes of determining whether the number of reallocations that may be made pursuant to the Frequent Trading Policies has been exceeded, or that may be made without incurring administrative or transfer fees, if any, under the relevant Variable Contract. Alternately, Affected Contractholders may withdraw amounts held in any Affected Subaccount at any time during the Free Transfer Period in accordance with the terms and conditions of the relevant Variable Contract. The Free Transfer Period commences upon a date declared in the Substitution Notice (which will be thirty days prior to the Effective Date) and will last for 30 days after the Effective Date.

(d) The Substitution will be effected at the net asset value of the shares in conformity with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder, without the imposition of any transfer or similar charge by Applicants.

(e) The Substitution will take place at relative net asset value without change in the amount or value of any Variable Contract held by Affected Contractholders. Affected Contractholders will not incur any fees or charges as a result of the Substitution, nor will their rights or the obligations of the PL Insurers under such Variable Contracts be altered in any way. In addition, the PL Insurers will not increase the Variable Contract fees and charges specified in the Variable Contracts for a period of at least two years following the Substitution.

(f) The Substitution will be effected in such a manner that Applicants believe will continue to fulfill Affected Contractholders' objectives and risk expectations, because, according to Applicants, the investment objectives of the Substitute Portfolio are substantially similar to those of the Replaced Portfolio.

(g) No brokerage commissions, fees or other remuneration will be paid by the Replaced Portfolio or the Substitute Portfolio or Affected Contractholders in connection with the Substitution.

(h) The Substitution will not alter in any way the annuity, life or tax benefits afforded under the Variable Contracts held by any Affected Contractholder.

(i) The PL Insurers will send to their Affected Contractholders within five (5) business days of the Effective Date a copy of the Post-Substitution Confirmation confirming the transactions effected on behalf of the respective Affected Contractholder with regard to the Substitution.

*Conditions:*

Applicants agree that the proposed Substitution and related transaction will not be completed unless all of the following conditions are met:

1. The Commission shall have issued an order approving the Substitution under Section 26(c) of the 1940 Act.

2. Each Affected Contractholder will have been sent a copy of (i) a supplement informing shareholders of this Application; (ii) a prospectus for the Substitute Portfolio, (iii) a Substitution Notice setting forth the scheduled Effective Date and advising Affected Contractholders of their right, if they so choose, to reallocate or withdraw amounts allocated to the Affected Subaccount under their Variable Contract at any time during the sixty-day Free Transfer Period, in accordance with the terms and conditions of their Variable Contract; and (iv) within five business days of the Effective Date, a Post-Substitution Confirmation confirming the transactions effected on behalf of the respective Affected Contractholder with regard to the Substitution.

3. The PL Insurers shall have satisfied themselves that (i) the Variable Contracts allow the substitution of investment company shares in the manner contemplated by the Substitution and related transactions described herein; (ii) the transactions can be consummated as described in this Application under applicable insurance laws; and (iii) any regulatory requirements in each jurisdiction where the Variable Contracts are qualified for sale, have been complied with to the extent necessary to complete the transactions.

4. Pacific Life and Select Fund have entered into an Expense Limitation Agreement, with respect to the Substitute Portfolio, whereby Pacific Life will reimburse the Substitute Portfolio an amount necessary to ensure that net operating expenses do not exceed an annual rate of 1.01% during a two-year period from the date the Substitution occurs. Separate Account expenses will not be increased during this two-year period for Affected Contractholders.

5. Pacific Life will amend its advisory agreement with the Substitute Portfolio to reflect that in the event that the Master Fund level advisory fees and 12b-1 fees exceed 95 basis points, Pacific Life will subsidize any fees in excess of this amount for the life of the Substitute Portfolio or until the fee is changed pursuant to a shareholder vote.

*Conclusion:*

Applicants submit that, for all reasons stated above, the proposed Substitution is consistent with the protection of

investors and the purposes fairly intended by the policy and provisions of the 1940 Act, and that the requested order should be granted.

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

**Nancy M. Morris,**  
*Secretary.*

[FR Doc. E6-5016 Filed 4-5-06; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53582; File No. SR-Amex-2005-127]

### Self-Regulatory Organizations; American Stock Exchange LLC; Order Approving Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating to the Listing and Trading of Units of the United States Oil Fund, LP

March 31, 2006.

#### I. Introduction

On December 6, 2005, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> On January 20, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> On February 15, 2006, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>4</sup> The proposed rule change, as amended by Amendment Nos. 1 and 2, was published for comment in the **Federal Register** on February 24, 2006.<sup>5</sup> The Commission received no comments on the proposal. This order approves the proposed rule change, as amended by Amendment Nos. 1 and 2.

#### II. Description of the Proposal

The Exchange proposes to add new Rules 1500 *et seq.* to permit the listing and trading of units in a partnership that is a commodity pool under the

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Partial Amendment dated, January 20, 2006 ("Amendment No. 1"). In Amendment No. 1, the Amex made clarifying changes to the "purpose" section of the proposed rule change.

<sup>4</sup> See Partial Amendment dated, February 15, 2006 ("Amendment No. 2"), which made technical and clarifying changes to the "purpose" section of the proposed rule change.

<sup>5</sup> See Securities Exchange Act Release No. 53324 (February 16, 2006), 71 FR 9614 (February 24, 2006) ("USOF Notice").