

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27779; File No. 812-13342]

Jefferson National Life Insurance Company, et al.

April 6, 2007

Agency: Securities and Exchange Commission (the “Commission”).

Action: Notice of application for an order of approval pursuant to Section 26(c) of the Investment Company Act of 1940, as amended (the “Act”) approving certain substitutions of securities and an order of exemption pursuant to Section 17(b) of the Act from Section 17(a) of the Act.

Applicants: Jefferson National Life Insurance Company (“JNL”), Jefferson National Life Annuity Account C (“Separate Account C”), Jefferson National Life Annuity Account E (“Separate Account E”), Jefferson National Life Annuity Account F (“Separate Account F”), Jefferson National Life Annuity Account G (“Separate Account G”), Jefferson National Life Annuity Account H (“Separate Account H”), Jefferson National Life Annuity Account I (“Separate Account I”), Jefferson National Life Annuity Account J (“Separate Account J”), Jefferson National Life Annuity Account K (“Separate Account K”), Conseco Variable Insurance-Separate Account L (“Separate Account L”, and together with Separate Account C, Separate Account E, Separate Account F, Separate Account G, Separate Account H, Separate Account I, Separate Account J, and Separate Account K, the “Separate Accounts” and, collectively with JNL, the “Applicants”), Northern Lights Variable Trust (“NLVT” and collectively with Applicants, the “Section 17 Applicants”).

Summary of Application: Applicants seek an order approving the proposed substitution of shares of the 40|86 Series Trust Equity Portfolio and 40|86 Series Trust Balanced Portfolio (the “Replaced Funds”) with shares of the JNF Equity Portfolio and JNF Balanced Portfolio (the “Replacement Funds”), (the “Substitutions”). Section 17 Applicants seek an order exempting them from the provisions of Section 17(a) of the Act to the extent necessary to permit JNL to carry out each of the Substitutions (“Application”).

Filing Date: The application was originally filed on November 9, 2006, and was amended and restated on January 17, 2007, and April 2, 2007.

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 must be received by the Commission by 5:30 p.m. on April 27, 2007, 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 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, 9920 Corporate Campus Drive, Suite 1000, Louisville, Kentucky 40223.

For Further Information Contact: Patrick Scott, Senior Counsel, Office of Insurance Products, Division of Investment Management, at (202) 551-6763, or Harry Eisenstein, Branch Chief, at (202) 661-6795.

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, 100 F Street, N.E., Washington, D.C. 20549 (202-942-8090).

Applicants' and Section 17 Applicants' Representations:

1. JNL is a stock life insurance company originally organized in 1937 under the laws of Texas. JNL was formerly a subsidiary of Conseco Variable Insurance Company. JNL is currently an affiliate of Inviva, Inc., which purchased JNL in 2002.
2. Separate Account C was established in 1980. Separate Account C is registered under the Act as a unit investment trust (File No. 811-04819) and is used to fund variable annuity contracts issued by JNL. Two variable annuity contracts funded by Separate Account C are affected by the Substitutions.

Separate Account E was established in 1993. Separate Account E is registered under the Act as a unit investment trust (File No. 811-08288) and is used to fund variable annuity contracts issued by JNL. One variable annuity contract funded by Separate Account E is affected by the Substitutions.

Separate Account F was established in 1997. Separate Account F is registered under the Act as a unit investment trust (File No. 811-08483) and is used to fund variable annuity contracts issued by JNL. One variable annuity contract funded by Separate Account F is affected by the Substitutions.

Separate Account G was established in 1996. Separate Account G is registered under the Act as a unit investment trust (File No. 811-07501) and is used to fund variable annuity contracts issued by JNL. Three variable annuity contracts funded by Separate Account G are affected by the Substitutions.

Separate Account H was established in 1999. Separate Account H is registered under the Act as a unit investment trust (File No. 811-09693) and is used to fund variable annuity contracts issued by JNL. One variable annuity contract funded by Separate Account H is affected by the Substitutions.

Separate Account I was established in 2000. Separate Account I is registered under the Act as a unit investment trust (File No. 811-10213) and is used to fund variable annuity contracts issued by JNL. One variable annuity contract funded by Separate Account I is affected by the Substitutions.

Separate Account J was established in 2003. Separate Account J is registered under the Act as a unit investment trust (File No. 811-21498) and is used to fund variable annuity contracts issued by JNL. One variable annuity contract funded by Separate Account J is affected by the Substitutions.

Separate Account K was established in 2003. Separate Account K is registered under the Act as a unit investment trust (File No. 811-21500) and is used to fund variable annuity contracts issued by JNL. One variable annuity contract funded by Separate Account K is affected by the Substitutions.

Separate Account L was established in 2000. Separate Account L is registered under the Act as a unit investment trust (File No. 811-10271) and is used to fund variable universal life contracts issued by JNL. One variable universal life contract funded by Separate Account L is affected by the Substitutions (all eleven variable annuity contracts and the one variable universal life contract affected by the Substitutions are collectively referred to as the “Contracts”).

3. NLVT was organized in Delaware as a statutory trust on November 2, 2005 and is registered under the Act as an open-end management investment company.

4. 40/86 Advisors, Inc. (“Advisors”) is the investment adviser to the Replaced Funds, and is a subsidiary of Conseco Inc., JNL’s former parent. The two Replaced Funds are portfolios of the 40/86 Series Trust, formerly known as the Conseco Series Trust (“CST”). JNF Advisors, Inc. (“JNF Advisor”) is a newly formed investment adviser under common control with JNL. JNF Advisor will serve as investment adviser to the Replacement Funds, which will be portfolios of NLVT. Chicago Equity Partners (“CEP”) is a registered investment adviser and is currently 40/86 Series Trust Equity Portfolio’s sub-adviser. CEP is also currently the 40/86 Series Trust Balanced Portfolio’s sub-adviser for the equity portion of the fund. After the Substitutions, CEP will be sub-adviser for both Replacement Funds, including the fixed income portion of the JNF Balanced Portfolio. There are no corporate affiliations between any of these three investment advisers.

5. Purchase payments under the Contracts may be allocated to one or more sub-accounts of the Separate Accounts (the “Sub-Accounts”). Income, gains and losses, whether or not realized, from assets allocated to the Separate Accounts are, as provided in the Contracts, credited to or charged against the Separate Accounts without regard to other income, gains or losses of JNL. The assets maintained in the Separate Accounts will not be charged with any liabilities arising out of any other business conducted by JNL. Nevertheless, all obligations arising under the Contracts, including the commitment to make annuity payments or death benefit payments, are general corporate obligations of JNL. Accordingly, all of the assets of JNL are available to meet its obligations under the Contracts.

6. The Contracts permit allocations of account value to available Sub-Accounts that invest in specific investment portfolios of underlying registered investment companies (each a “Fund” and, collectively, the “Mutual Funds”). The Mutual Funds are registered under the Act as open-end management investment companies.

7. The Contracts permit transfers of accumulation value from one Sub-Account to another Sub-Account at any time subject to certain restrictions. No sales charge applies to such a transfer of accumulation value among Sub-Accounts.
8. The Contracts reserve the right, upon notice to contract owners (the “Contract Owners”), to substitute shares of another mutual fund for shares of a Fund held by a Sub-Account.
9. Account C was established in 1980 as a management investment company. Effective May 1, 1993, Account C was restructured into a unit investment trust, pursuant to Commission exemptive relief. As a condition of this exemptive relief, certain Contract Owners’ contracts were endorsed to limit the advisory fees the Contract Owner paid on investments in the 40/86 Series Trust Equity Portfolio. Investments by those Contract Owners in the corresponding Replacement Fund will continue to benefit from the advisory fee limitations which were a condition of the prior exemptive relief.
10. The Replaced Funds involved in the Substitutions include 2 separate 40/86 Series Trust portfolios. After the Substitutions, the investment objective and policies of each Replacement Fund will be the same as or substantially similar to the investment objective and policies of the corresponding Replaced Fund. The Substitutions are being proposed for several reasons. First, the accumulated assets in the Replaced Funds were derived from an earlier time, prior to 2002, when Conseco Inc., JNL’s former parent, formed a large commissioned broker-dealer network that was familiar with, and loyal to, the CST funds. That broker-dealer network dissolved after Conseco experienced financial difficulties in the summer of 2002. Today JNL, as an affiliate of Inviva, Inc. (which purchased JNL (f/k/a Conseco Variable Insurance Company)), has almost no access to the broker-dealer network that was responsible for the growth in assets in the CST funds. In addition, JNL has developed its own, very different target audience: the fee-based and fee-only adviser, as opposed to the traditional commission-based representative. Second, as part

of the discussions related to the Substitutions of the Replaced Funds, Advisors has indicated to JNL that sponsoring an insurance-dedicated mutual fund complex did not have a place in its parent corporation's long-term business plan. Advisors intends to continue to serve in its current capacity with respect to the Replaced Funds to facilitate a smooth transition. The Board of Trustees of 40/86 Series Trust voted to liquidate, on or about March 23, 2007, the Trust's three other portfolios, the Fixed Income, Government Securities and Money Market Portfolios, and these portfolios have been liquidated.

Currently all of the Mutual Funds are unaffiliated investment companies and changes due to investment performance, style drift, or management practice issues require substantial systems, filing, and printing resources, which slows the process to make changes, if necessary. Because it is anticipated the Replacement Funds and JNF Advisors will have "manager of managers" exemptive relief, JNF Advisor, as investment adviser, will be able to act more quickly and efficiently to protect Contract Owners' interests if the investment strategy, management team or performance of a sub-adviser does not meet expectations. JNF Advisor plans to file an application for "manager of managers" exemptive relief within 6 months from the date that the Substitutions are effected. The "manager of managers" exemptive relief would permit JNF Advisor, as the investment adviser for the existing series, to replace any sub-adviser or to employ a new sub-adviser without submitting such actions for the approval of shareholders of the affected series. Before a Replacement Fund relies on any Commission order or rule that would permit the Replacement Fund to enter into contracts with subadvisers without obtaining shareholder approval, the Replacement Fund's reliance on the order or rule will be approved, following the Substitutions, by a majority of the Replacement Fund's outstanding voting securities.

11. JNF Advisor will serve as the investment adviser for each Replacement Fund. However, the management of each Replacement Fund will be sub-advised as described below. Additional information, including the investment objective, fee structure and expenses for the fiscal year ending in 2006 for each of the Replaced and each Replacement Fund, is shown in the tables that follow:

12. Substitution 1

	Replaced Fund	Replacement Fund
Fund Name	40 86 Series Trust Equity Portfolio	JNF Equity; subadvised by CEP
Investment Objective	Seeks to provide a high total return consistent with preservation of capital and a prudent level of risk. Normally invests at least 80% of its assets in U.S. common stocks. May also invest in other U.S. and foreign securities, including convertible securities and warrants. Is normally widely diversified by industry and company, with a focus on small and medium-size companies. Uses a proprietary multi-factor model to select securities. The model includes momentum, value and quality factors. The process focuses on security selection while remaining industry, sector, style and capitalization neutral.	Seeks to provide a high total return consistent with preservation of capital and a prudent level of risk. Normally invests at least 80% of its assets in U.S. common stocks. May also invest in other U.S. and foreign securities, including convertible securities and warrants. Is normally widely diversified by industry and company, with a focus on small and medium-size companies. Uses a proprietary multi-factor model to select securities. The model includes momentum, value and quality factors. The process focuses on security selection while remaining industry, sector, style and capitalization neutral.
Principal Risks	<ul style="list-style-type: none"> • Market Risk • Small-Company Risk • Price Volatility 	<ul style="list-style-type: none"> • Market Risk • Small-Company Risk • Price Volatility
Adviser/Subadviser	40 86 Advisors Partners/ CEP	JNF Advisor/ CEP
Fund Asset Level as of 9/30/06	\$169,387,929	\$0
Mgmt. Fee	0.79%*	0.79%*
12b-1 Fee	0.25%	0.25%
Other Expenses	0.12%	0.20%
Total Annual Operating Expns.	1.16%	1.24%

* The advisory fee schedule does not contain breakpoints.

Fee Reduction	-0.06%	-0.14%
Net Total Annual Expenses	1.10%	1.10%

The Applicants believe that the Replacement Fund is an appropriate substitute for the Replaced Fund because the investment objective and policies of the Replacement Fund are nearly identical to those of the Replaced Fund. Additionally, the Replacement Fund will be managed by the same sub-adviser as the Replaced Fund, and will continue using the same style and strategy as is used in managing the Replaced Fund.

13. Substitution 2

	Replaced Fund	Replacement Fund
Fund Name	40 86 Series Trust Balanced Portfolio	JNF Balanced; subadvised by CEP
Investment Objective	<p>Seeks a high total investment return consistent with the preservation of capital and prudent investment risk. Normally, invests approximately 50-65% of assets in equities, and the remainder in a combination of fixed income securities, or cash equivalents. The equity portion of the Portfolio is invested primarily in U.S. common stocks but may also invest in other U.S. and foreign securities, including convertible securities and warrants. Normally, the equity portion will be widely diversified by industry and company. It will focus on large and medium-size companies.</p> <p>The fixed income portion of the portfolio will normally maintain at least 25% of the value of the Portfolio's assets in a wide range of domestic and foreign fixed-income securities, including non-U.S. dollar denominated securities. The majority of foreign investments will be in Yankee</p>	<p>Seeks a high total investment return consistent with the preservation of capital and prudent investment risk. Normally, invests approximately 50-65% of assets in equities, and the remainder in a combination of fixed income securities, or cash equivalents. The equity portion of the Portfolio is invested primarily in U.S. common stocks but may also invest in other U.S. and foreign securities, including convertible securities and warrants. Normally, the equity portion will be widely diversified by industry and company. It will focus on large and medium-size companies.</p> <p>The fixed income portion of the portfolio will normally maintain at least 25% of the value of the Portfolio's assets in a wide range of domestic and foreign fixed-income securities, including non-U.S. dollar denominated securities. The majority of foreign investments will be in Yankee Bonds. These fixed-</p>

	Bonds. These fixed-income securities will have primarily intermediate and/or long-term maturities. The Portfolio may also invest in below investment grade fixed-income securities that are not believed to involve undue risk to income or principal. The lowest rating categories in which the Portfolio will invest are rated Caa/CCC by Moody's/S&P.	income securities will have primarily intermediate and/or long-term maturities. The Portfolio may also invest in below investment grade fixed-income securities that are not believed to involve undue risk to income or principal. The lowest rating categories in which the Portfolio will invest are rated Caa/CCC by Moody's/S&P.
Principal Risks	<ul style="list-style-type: none"> • Market Risk • Midsize Company Risk • Price Volatility • Principal Loss • Credit Risk • Interest Rate Risk • Foreign Risk • Leverage Risk 	<ul style="list-style-type: none"> • Market Risk • Midsize Company Risk • Price Volatility • Principal Loss • Credit Risk • Interest Rate Risk • Foreign Risk • Leverage Risk
Adviser/Subadviser	40 86/ CEP —Equity 40 86 Advisors— Fixed Income	JNF Advisor/CEP
Fund Asset Level as of 9/30/06	\$42,161,064	\$0
Mgmt. Fee	0.79%*	0.79%*
12b-1 Fee	0.25%	0.25%
Other Expenses	0.16%	0.23%
Total Annual Operating Expenses	1.20% %	1.27% %
Fee Reduction	-0.10%	-0.17%
Net Total Annual Expenses	1.10%	1.10%

* The advisory fee schedule does not contain breakpoints.

The Applicants believe that the Replacement Fund is an appropriate substitute for the Replaced Fund because the investment objective and policies of the Replacement Fund are substantially similar to those of the Replaced Fund. Additionally, the Replacement Fund will be managed by the same sub-adviser as the Replaced Fund, and will continue using the same style and strategy as is used in managing the Replaced Fund.

14. The Substitutions will take place at the Funds' relative net asset values determined on the date of the Substitutions in accordance with Section 22 of the Act and Rule 22c-1 thereunder with no change in the amount of any Contract Owner's account value or death benefit or in the dollar value of his or her investment in any of the Sub-Accounts. Accordingly, there will be no financial impact on any Contract Owner. The Substitutions will generally be effected by having each of the Sub-Accounts that invests in the Replaced Funds redeem its shares at the net asset value calculated on the date of the Substitutions and purchase shares of the respective Replacement Funds at the net asset value calculated on the same date.

15. In the alternative, should a Replaced Fund determine that a cash redemption would adversely affect its shareholders, it may redeem the interest "in-kind." In that case, the Substitutions will be effected by the Sub-Account contributing all the securities it receives from the Replaced Fund for an amount of Replacement Fund shares equal to the fair market value of the securities contributed. All in-kind redemptions from a Replaced Fund of which any of the Applicants is an affiliated person will be effected in accordance with the conditions set forth in the Commission's no-action letter issued to Signature Financial Group, Inc. (available December 28, 1999).

16. The Substitutions will be described in a supplement to the prospectuses for the Contracts ("Supplements") filed with the Commission and mailed to Contract Owners. The Supplements will provide Contract Owners with notice of the Substitutions and describe the reasons for engaging in the Substitutions. The Supplements also will inform Contract Owners with assets allocated to a Sub-Account investing in the Replaced Funds that the Replaced Funds will not be an available investment option after the date of the Substitutions and that Contract Owners will have the opportunity to reallocate account value once:

- prior to the Substitutions, from the Sub-Accounts investing in the Replaced Funds, and
- for 30 days after the Substitutions, from the Sub-Accounts investing in the Replacement Funds to Sub-Accounts investing in other Funds available under the respective Contracts,

without diminishing the number of free transfers that may be made in a given contract year and without the imposition of any transfer charge or limitation, other than any applicable limitations in place to deter potentially harmful excessive trading. To the extent a Contract Owner has account value allocated to both Sub-Accounts investing in a Replaced Fund, the Contract Owner will be permitted one reallocation from each Sub-Account. If a Contract Owner reallocates from both Sub-Accounts on the same day, they will have exhausted the number of permitted reallocations.

17. The prospectuses for the Contracts will contain the substance of the information contained in the Supplements concerning the Substitutions. Each Contract Owner will be provided with a prospectus for the Replacement Funds before the Substitutions, except that with respect to Replacement Funds that become effective contemporaneously with the Substitutions, a prospectus will be sent to affected Contract Owners with the written confirmation. Within five days after the Substitutions, JNL will send affected Contract Owners written confirmation that the Substitutions have occurred and notice that Contract Owners will have the opportunity to reallocate account value, for 30 days after the Substitutions, from the Sub-Accounts investing in the Replacement Funds to Sub-Accounts investing in other Funds available under the respective Contracts, without diminishing the number of free transfers that may be made in a given contract year and without the imposition of any transfer charge or limitation, other than any applicable limitations in place to deter potentially harmful excessive trading.

18. JNL will pay all direct and indirect expenses and transaction costs of the Substitutions, including all legal, accounting and brokerage expenses relating to the Substitutions. No costs will be borne by Contract Owners. Affected Contract Owners will not incur any fees or charges as a result of the Substitutions, nor will their rights or the obligations of the Applicants under the Contracts be altered in any way. 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. The Substitutions will have no adverse tax consequences to Contract Owners and will in no way alter the tax benefits to Contract Owners.

19. Applicants believe that their request satisfies the standards for relief pursuant to Section 26(c) of the Act, as set forth below, because the affected Contract Owners will have:

(1) account values allocated to a Sub-Account invested in a Replacement Fund with an investment objective and policies substantially similar to the investment objective and policies of the Replaced Fund; and

(2) Replacement Funds whose current total annual expenses will be no higher than those of the Replaced Funds for their 2006 fiscal year, because as described below, JNL has agreed to, for a period of 24 months following the Substitutions, limit the total net expenses of a Replacement Fund to those of the Replaced Fund for the 2006 fiscal year. At the end of the 24 month period it is possible that the expenses of the Replacement Funds may be higher.

Applicants' and Section 17 Applicants' Legal Analysis:

1. Section 26(c) of the Act makes it unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission approves the substitution. The Commission will approve such a substitution if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

2. The purpose of Section 26(c) is to protect the expectation of investors in a unit investment trust that the unit investment trust will accumulate shares of a particular issuer by preventing unscrutinized substitutions that might, in effect, force shareholders dissatisfied with the substituted security to redeem their shares, thereby possibly incurring either a loss of the sales load deducted from initial premium payments, an additional sales load upon reinvestment of the redemption proceeds, or both. Moreover, in the insurance product context, a Contract Owner forced to redeem may suffer adverse tax consequences. Section 26(c) affords this protection to investors by preventing a depositor or trustee of a unit investment trust that holds shares of one issuer from substituting for those shares the shares of another issuer, unless the Commission approves that substitution.

3. Applicants assert that the purposes, terms and conditions of the Substitutions 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 have reserved the right to make such a substitution under the Contracts and this reserved right is disclosed in the prospectus for the Contracts.

4. In both Substitutions, Applicants maintain, the investment objectives and policies of the Replacement Funds are sufficiently similar to those of the corresponding Replaced Funds that Contract Owners will have reasonable continuity in investment expectations. Accordingly, the Replacement Funds are appropriate investment vehicles for those Contract Owners who have account values allocated to the Replaced Funds.

5. Applicants state that, for the 24 month period following the date of the Substitutions, JNL agrees to limit the total operating expenses of a Replacement Fund (taking into account any expense waiver or reimbursement) on an annualized basis to the net expense level of the corresponding Replaced Fund for the 2006 fiscal year. In addition, for 24 months following the

Substitutions, JNL will not increase asset-based fees or charges for Contracts outstanding on the day of the Substitutions. JNL represents that the Substitutions and the selection of the Replacement Funds were not motivated by any financial consideration paid or to be paid by the Replacement Funds, their advisers or underwriters, or their respective affiliates.

6. Applicants submit 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, is consistent with the protection of investors and the purposes fairly intended by the Act:

- (1) Each of the Replacement Funds is an appropriate fund to which to move Contract Owners with account values allocated to the Replaced Funds because the new funds have substantially similar investment objectives and policies.
- (2) The costs of the Substitutions, including any brokerage costs, will be borne by JNL and will not be borne by Contract Owners. No charges will be assessed to effect the Substitutions.
- (3) The Substitutions will be at the net asset values of the respective shares without the imposition of any transfer or similar charge and with no change in the amount of any Contract Owner's account value.
- (4) 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 and will result in Contract Owners' account values being moved to a Fund with the same or lower current total annual expenses.
- (5) All Contract Owners will be given notice of the Substitutions prior to the Substitutions and will have an opportunity before, and for 30 days after, the Substitutions to reallocate account value among other available Sub-Accounts without diminishing the number of free transfers that may be made in a given

contract year and without the imposition of any transfer charge or limitation, other than any applicable limitations in place to deter potentially harmful excessive trading or disintermediation involving the fixed accounts available with the variable annuity contracts.

- (6) Within five days after a Substitution, JNL will send to its affected Contract Owners written confirmation that a Substitution has occurred.
- (7) The Substitutions will in no way alter the insurance benefits to Contract Owners or the contractual obligations of JNL.
- (8) The Substitutions will have no adverse tax consequences to Contract Owners and will in no way alter the tax benefits to Contract Owners.
- (9) Before a Replacement Fund relies on any Commission order or rule that would permit the Replacement Fund to enter into contracts with sub-advisers without obtaining shareholder approval, the Replacement Fund's reliance on the order or rule will be approved, following the Substitutions, by a majority of the Replacement Fund's outstanding voting securities.

7. The Section 17 Applicants request an order under Section 17(b) exempting them from the provisions of Section 17(a) to the extent necessary to permit JNL to carry out each of the proposed Substitutions. Section 17(a)(1) of the Act, in relevant part, prohibits any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, from knowingly selling any security or other property to that company. Section 17(a)(2) of the Act generally prohibits the persons described above, acting as principal, from knowingly purchasing any security or other property from the registered company.

8. Applicants state that, JNL, as depositor of the Separate Accounts, is an affiliate of the Separate Accounts and also JNF Advisor, which serves as investment adviser for the affected

NLVT series. As such, JNF Advisor could be deemed to control the affected NLVT series and be an affiliate of the affected NLVT series. Assuming, for this or other reasons, that an affected NLVT series is an affiliate of an affiliate of JNL, to the extent the Separate Accounts each use assets received in-kind to purchase Replacement Fund Shares, the Substitutions would involve one or more purchases or sales of securities or property between persons who are affiliates of affiliates. Accordingly, the Section 17 Applicants are seeking relief, to the extent necessary, from Section 17(a) for the in-kind purchases and sales of Replacement Fund Shares.

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

(1) the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned;

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

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

10. The Section 17 Applicants submit that, for all the reasons set forth in paragraphs 3-9 above, the terms of the proposed in-kind purchases of shares of the Replacement Funds by the Separate Accounts, including the consideration to be paid and received, are reasonable and fair and do not involve overreaching on the part of any person concerned. The Section 17 Applicants also submit that the proposed in-kind purchases by the Separate Accounts are consistent with the policies of JNL and the affected NLVT series. Finally, the Section 17 Applicants submit that the proposed substitutions are consistent with the general purposes of the Act.

11. To the extent the Separate Account's in-kind purchases of Replacement Fund shares are deemed to involve principal transactions between entities which are affiliates of affiliates, the procedures described below, Applicants and Section 17 Applicants contend, should be sufficient to assure that the terms of the proposed transactions are reasonable and fair to all participants. The Section 17 Applicants maintain that the terms of the proposed in-kind purchase transactions, including the consideration to be paid and received by each Fund involved, are reasonable, fair and do not involve overreaching. In addition, although not applicable, the in-kind transactions will conform with all except one of the conditions enumerated in Rule 17a-7. The proposed transactions will take place at relative net asset value in conformity with the requirements of Section 22(c) of the Act and Rule 22c-1 thereunder with no change in the amount of any Contract Owner's account value or death benefit or in the dollar value of his or her investment in any Sub-Account. Contract Owners will not suffer any adverse tax consequences as a result of the substitutions. The fees and charges under the Contracts will not increase because of the substitutions. Even though they may not rely on Rule 17a-7, the Section 17 Applicants believe that the Rule's conditions outline the type of safeguards that result in transactions that are fair and reasonable to registered investment company participants and preclude overreaching.

12. The Section 17 Applicants state that they will carry out the proposed in-kind purchases in conformity with all of the conditions of Rule 17a-7 and each Fund's procedures thereunder, except that the consideration paid for the securities being purchased or sold may not be entirely cash. Nevertheless, they contend, the circumstances surrounding the proposed Substitutions will be such as to offer the same degree of protection to each Replacement Fund from overreaching that Rule 17a-7 provides to them generally in connection with their purchase and sale of securities under that Rule in the ordinary course of their business. In particular, JNL (or any of its affiliates) cannot effect the proposed transactions at a price that is disadvantageous to any of

the Replacement Funds. Although the transactions may not be entirely for cash, each will be effected based upon (1) the independent market price of the portfolio securities valued as specified in paragraph (b) of Rule 17a-7, and (2) the net asset value per share of each Fund involved valued in accordance with the procedures disclosed in its registration statement and as required by Rule 22c-1 under the Act. No brokerage commission, fee (except for customary transfer fees), or other remuneration will be paid to any party in connection with the proposed in-kind transactions.

13. Applicants state that the sale of shares of Replacement Funds for investment securities, as contemplated by the proposed in-kind transactions, is consistent with the investment policy and restrictions of the Replacement Funds because (1) the shares are sold at their net asset value, and (2) the portfolio securities are of the type and quality that the Replacement Funds would each have acquired with the proceeds from share sales had the shares been sold for cash. To assure that the second of these conditions is met, each Replacement Funds' sub-adviser will examine the portfolio securities being offered to each Replacement Fund and accept only those securities as consideration for shares that it would have acquired for each such fund in a cash transaction.

14. The proposed in-kind transactions, Applicants state, are consistent with the general purposes of the Act as stated in the Findings and Declaration of Policy in Section 1 of the Act. The proposed transactions do not present any of the conditions or abuses that the Act was designed to prevent. In particular, Sections 1 (b)(2) and (3) of the Act state, among other things, that the national public interest and the interest of investors are adversely affected "when investment companies are organized, operated, managed, or their portfolio securities are selected in the interest of directors, officers, investment advisers, depositors, or other affiliated persons thereof, or in the interests of other investment companies or persons engaged in other lines of business, rather than in the interest of all classes of such companies' security holders; ...when

investment companies issue securities containing inequitable or discriminatory provisions, or fail to protect the preferences and privileges of the holders of their outstanding securities . . . ”. For all the reasons stated in the Application, the Section 17 Applicants state that, the abuses described in Sections 1(b)(2) and (3) of the Act will not occur in connection with the proposed in-kind purchases.

15. The Commission has previously granted exemptions from Section 17(a) in circumstances substantially similar in all material respects to those presented in this Application to applicants affiliated with an open-end management investment company that proposed to purchase shares issued by the company with investment securities of the type that the company might otherwise have purchased for its portfolio. In these cases, the Commission issued an order pursuant to Section 17(b) of the Act where the expense of liquidating such investment securities and using the cash-proceeds to purchase shares of the investment company would have reduced the value of investors’ ultimate investment in such shares.

Conclusions:

1. Applicants request an order of the Commission pursuant to Section 26(c) of the 1940 Act approving the Substitutions. Section 26(c), in pertinent part, provides that the Commission shall issue an order approving a substitution of securities if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. For the reasons and upon the facts set forth in the Application, the Applicants state that the requested order meets the standards set forth in Section 26(c) and should, therefore, be granted.

2. Section 17 Applicants request that the Commission issue an order pursuant to Section 17(b) of the Act exempting the Separate Accounts, JNL and the affected NLVT series from the provisions of Section 17(a) of the Act to the extent necessary to permit, as part of the Substitutions, the in-kind purchase of shares of the Replacement Funds which may be deemed to be prohibited by Section 17(a) of the Act. The Section 17 Applicants represent that the proposed in-kind transactions meet all of the requirements of Section 17(b) of the Act and that an exemption should be granted, to the extent necessary, from the provisions of Section 17(a).

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

Florence E. Harmon
Deputy Secretary