SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23989; 812–11384]

Massachusetts Investors Trust, et al.; Notice of Application

September 2, 1999.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for an order under section 17(d) of the Investment Company Act of 1940 (the ''Act'') and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants seek to amend an existing order to permit additional entities to rely on the existing order, which permits certain registered investment companies to pool cash balances in a joint account for the purpose of investing in short-term investments.

APPLICANTS: Massachusetts Investors Trust, MFS Series Trust I, MFS Series Trust II, MFS Series Trust III, MFS Series Trust IV, MFS Series Trust V, MFS Series Trust VI, MFS Series Trust VII, MFS Series Trust VIII, MFS Series Trust IX, MFS Series Trust X, MFS Series Trust XI, MFS Municipal Series Trust, MFS Growth Opportunities Fund, MFS Government Securities Fund, Massachusetts Investors Growth Stock Fund, MFS Government Limited Maturity Fund, MFS Institutional Trust, MFS Municipal Income Trust, MFS Intermediate Income Trust, MFS Multimarket Income Trust, MFS Government Markets Income Trust, MFS Charter Income Trust, MFS Special Value Trust, MFS/Sun Life Series Trust, MFS Variable Insurance Trust (the ''MFS Trusts''), Money Market Variable Account, High Yield Variable Account, Capital Appreciation Variable Account, Government Securities Variable Account, World Governments Variable Account, Total Return Variable Account, Managed Sectors Variable Account (the ''MFS Variable Funds'') (together with the MFS Trusts, the ''MFS Funds''). MFS Meridian U.S. Government Bond Fund, MFS Meridian Global Government Fund, MFS Meridian Charter Income Fund, MFS Meridian Limited Maturity Fund, MFS Meridian U.S. Emerging Growth Fund, MFS Meridian Global Equity Fund, MFS Meridian Money Market Fund, MFS Meridian U.S. Equity Fund, MFS Meridian Research Fund, MFS Meridian Global Balanced Fund, MFS Meridian Global Growth Fund, MFS Meridian Emerging Markets Debt Fund, MFS Meridian U.S. High Yield Fund, MFS Meridian Global Asset Allocation Fund, MFS Meridian Strategic Growth Fund, MFS Meridian Research International Fund (the ''Meridian Funds''), MFS American Funds, Massachusetts Financial Services Company (''MFS''), MFS International Ltd. (''MIL''), Vertex Investment Management, Inc. (''Vertex'').

FILING DATE: The application was filed on October 29, 1998. Applicants have agreed to file an amendment to the application, the substance of which is reflected in this notice, during the notice period.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on September 27, 1999, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549–0609. Applicants: MFS Trust, MFS, and Vertex, 500 Boylston Street, Boston, MA 02116; MFS Variable Funds, One Sun Life Executive Park, Wellesley Hills, MA 02181; Meridian Funds, Maples and Calder, P.O. Box 309, Grand Cayman, Cayman Islands, British West-Indies; MFS American Funds, 47, Boulevard Royal, c/o State Street Luxembourg, S.A., L–2449 Luxembourg, Grand-Duchy of Luxembourg; MIL, Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Staff Attorney, at (202) 942–0634, or Michael W. Mundt, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. Each of the MFS Funds is an open-end or a closed-end management investment company registered under the Act. Each of the Meridian Funds is an open-end investment company incorporated as an exempt company under the laws of the Cayman Islands. Each of the MFS American Funds is an investment company established in Luxembourg. The Meridian Funds and the MFS American Funds are offered exclusively outside of the United States to non-United States residents and are collectively referred to as the ''Offshore Funds.'' [1]

2. MFS, MIL, and Vertex are each registered as an investment adviser under the Investment Advisers Act of 1940. MFS is presently investment adviser to all of the MFS Funds, except for certain series of MFS Series Trust XI, and investment sub-adviser to all of the Offshore Funds. MIL serves as investment adviser to all of the Offshore Funds. Vertex serves as an investment adviser to certain series of MFS Series Trust XI. MIL and Vertex are each a wholly-owned subsidiary of MFS.

3. Pursuant to a prior order, as amended previously (the ''Prior Order''),[2] the MFS Funds are permitted to pool cash balances and reserves in a joint account (the ''Joint Account'') for the purpose of investing in certain short-term investments (''Short-Term Investments''). The requested order would amend the Prior Order to allow the Offshore Funds to participate in the Joint Account. Applicants propose to continue to operate the Joint Account in the same manner as permitted by the Prior Order.[3]

4. Applicants request that any relief granted also apply to (i) all existing or future series of the MFS Funds and the Offshore Funds; (ii) all existing or future registered management investment companies for which MFS (or an entity controlling, controlled by, or under common control with MFS) in the future acts as investment adviser or future Offshore Funds (''Future Funds,''

[1] For purposes of the application, the term ''Offshore Funds'' includes other pooled investment vehicles advised by, or in the future advised by, MFS (or an entity controlling, controlled by, or under common control with MFS) offered exclusively outside of the United States to non-United States residents.

[2] *MFS Capital Development Fund, et al.*, Investment Company Act Release Nos. 19109 (Nov. 19, 1992) (notice) and 19158 (Dec. 16, 1992) (order), as amended by *Massachusetts Investors Trust, et al.*, Investment Company Act Release Nos. 20354 (Jun. 14, 1994) (notice) and 20395 (Jul. 12, 1994) (order).

[3] All entities that currently intend to rely on the requested order are named as applicants. Any entity that relies upon the requested order in the future will company with the terms and conditions contained in the application.

together with the MFS Funds and the Offshore Funds, the ''Funds''); and (iii) any existing or future entity controlling, controlled by, or under common control with MFS that in the future serves as investment adviser to any Future Fund (together with MFS, MIL, and Vertex, the ''Adviser'').

5. The Funds will purchase Short-Term Investments through the Joint Account that are consistent with their investment objectives and policies.[4] All Short-Term Investments constitute ''eligible securities,'' as defined in rule 2a–7 under the Act. The Offshore Funds will use the same systems and standards for evaluating and acquiring Short-Term Investments as the MFS Funds. Prior to participation by any Offshore Fund in the Joint Account, the board of directors of the Offshore Fund must make findings similar to those made by the boards of trustees/managers of the MFS Funds (together with the Offshore Funds' boards of directors, the ''Boards'').

Applicants' Legal Analysis

1. Section 17(d) of the Act and rule 17d–1 under the Act prohibit an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, for participating in any joint enterprise or arrangement in which that investment company is a participant, unless the SEC has issued an order authorizing the arrangement. In passing on these applications, the SEC considers whether the participation of the registered investment company in the proposed joint arrangement is consistent with the provisions, policies, and purposes of the Act and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

2. Section 2(a)(3)(C) of the Act defines an ''affiliated person'' or another person to include any person directly or indirectly controlling, controlled by, or under common control with, the other person. Applicants state that the Funds may be considered ''affiliated persons'' because they may be deemed to be under the common control of the Adviser. Applicants state that the Offshore Funds, by participating with the other Funds in the Joint Account, and the Adviser, by administering the Joint Account, could be deemed to be ''joint participants'' in a transaction within the meaning of section 17(d). In addition, applicants state that each Joint Account could be deemed to be a ''joint enterprise or other joint arrangement'' within the meaning of rule 17d–1.

3. Applicants submit that the proposed amendment to the Prior Order is consistent with the findings required by section 17(d) of the Act and rule 17d–1 for granting orders pursuant to rule 17d–1, including the finding that any Fund would participate in the Joint Account on a basis no different from or less advantageous than that of any other Fund. Applicants state that participation by the Offshore Funds in the Joint Account will not result in any conflicts of interest between any of the Funds or between a Fund and the Adviser. Applicants assert that the Offshore Funds will participate in the Joint Account on the same terms and conditions as the MFS Funds.

Applicants' Conditions

Applicants agree that the order granting the requested relief will be subject to the following conditions:

1. The Joint Account will not be distinguishable from any other accounts maintained by a Fund at its custodian bank, except that monies from the Funds will be deposited in the Joint Account on a commingled basis. The Joint Account will not have a separate existence and will not have indicia of a separate legal entity. The sole function of the Joint Account will be to provide a convenient way of aggregating individual transactions which would otherwise require daily management by each Fund.

2. Cash in the Joint Account will be invested in one or more of the following Short-Term Investments: (i) interest bearing or discounted commercial paper with a remaining maturity of 60 days or less; (ii) repurchase agreements, with maturities not to exceed 60 days, ''collateralized fully,'' as that term is defined in rule 2a–7 under the Act, by U.S. Government Securities; (iii) U.S. Government Securities with remaining maturities of up to 60 days; (iv) tax-exempt variable rate demand notes (''VRDNs'') that have demand features providing for maturities of up to 30 days or one month; or (v) securities other than VRDNs exempt from federal and/or state income tax with remaining maturities of up to 60 days.

3. Any investment made through the Joint Account will satisfy the investment criteria of all Funds participating in that investment.

4. All assets held in the Joint Account will be valued on an amortized cost basis to the extent permitted by applicable SEC releases, rules, or orders.

5. Each Fund valuing its net assets in reliance on rule 2a–7 under the Act will use the average maturity of the instruments in the Joint Account in which such Fund has an interest (determined on a dollar weighted basis) for the purpose of computing its average portfolio maturity with respect to its portion of the assets held in a Joint Account on that day.

6. In order to assure that there will be no opportunity for any Fund to use any part of a balance of the Joint Account credited to another Fund, no Fund will be allowed to create a negative balance in the Joint Account for any reason. Each Fund's decision to invest in the Joint Account will be solely at the Fund's option. No Fund will be obligated to invest in the Joint Account or to maintain any minimum balance in the Joint Account. In addition, each Fund will retain the sole rights of ownership of any of its assets held through the Joint Account, including interest payable on such assets.

7. The Adviser and the custodian of each Fund will maintain records documenting, for any given day, each Fund's aggregate investment in the Joint Account and each Fund's pro rata share of each investment made through the Joint Account. The records maintained for each Fund will be maintained in conformity with section 31 of the Act and rules and regulations thereunder. Each Offshore Fund will maintain and make available to the SEC, upon request, books and records containing information related to its participation in the Joint Account.

8. Not every Fund participating in the Joint Account will necessarily have its cash invested in every Short-Term Investment held in the Joint Account. However, to the extent a Fund's cash is applied to a particular Short-Term Investment made through the Joint Account, the Fund will participate in and own a proportionate share of the investment, and the income earned or accrued thereon, based upon the percentage of the investment purchased with monies contributed by the Fund.

9. The Adviser will administer the investments of the Joint Account as part of its duties under its existing or any future investment advisory agreements with the Funds and will not collect any additional fees for the management of the Joint Account.

10. Each Board will adopt procedures pursuant to which the Joint Account will operate, which will be reasonably designed to provide that the requirements of the application will be met. Each Board will make and approve such changes as it deems necessary to ensure that such procedures are

[4] The Funds will enter into ''hold-in-custody'' repurchase agreements (i.e., repurchase agreements where the counterparty or one of its affiliated persons may have possession of, or control over, the collateral subject to the agreement) only where cash is received late in the business day and otherwise would be unavailable for investment.

followed. In addition, each Board will determine, no less frequently than annually, that the Joint Account has been operated in accordance with the proposed procedures and will permit a Fund to continue to participate therein only if it determines that there is a reasonable likelihood that the Fund and its shareholders will benefit from the Fund's continued participation.

11. The administration of the Joint Account will be within the fidelity bond coverage required by section 17(g) of the Act and rule 17g–1 under the Act.

12. Short-Term Investments held in the Joint Account generally will not be sold prior to maturity except if: (i) the Adviser believes the investment no longer presents minimal credit risks; (ii) the investment no longer satisfies the investment criteria of all participating Funds in the investment because of a downgrading or otherwise; or (iii) in the case of a repurchase agreement, the counterparty defaults. A Fund may, however, sell any Short-Term Investment (or any fractional portion thereof) prior to the maturity of the investment if the cost of such transaction will be borne solely by the selling Fund and the transaction will not adversely affect other Funds participating in the Short-Term Investment. In no case would an early termination by less than all participating Funds be permitted if it would reduce the principal amount or yield received by other Funds participating in a particular Short-Term Investment or otherwise adversely affect the other participating Funds. Each Fund participating in the Joint Account will be deemed to have consented to such sale and partition of the investments in the Joint Account.

13. Short-Term Investments held through a Joint Account with a remaining maturity of more than seven days, as calculated pursuant to rule 2a–7 under the Act, will be considered illiquid and will be subject to the restriction that a Fund may not invest more than 15% or, in the case of a money market fund, more than 10% (or, in either case, such other percentage as set forth by the SEC from time to time) of its net assets in illiquid securities, if the Fund cannot sell the instrument, or the Fund's fractional interest in the instrument, pursuant to the preceding condition, or if the investment would otherwise be considered illiquid if held by a money market fund.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–23609 Filed 9–9–99; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–23990, 812–11468]

Liberty Funds Trust IX, et al.; Notice of Application

September 2, 1999.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 15(a) of the Act and rule 18f–2 under the Act.

SUMMARY OF APPLICATION: Applicants, Liberty Funds Trust IX (the ''Trust'') and Liberty Asset Management Company (''Adviser''), request an order that would permit applicants to enter into and materially amend subadvisory agreements without obtaining shareholder approval.

FILING DATES: The application was filed on January 13, 1999, and amended on April 28, 1999. Applicants have agreed to file an amendment during the notice period, the substance of which is included in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on September 27, 1999, and should be accompanied by proof of service on the 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 SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549–0609; Liberty Funds Trust IX, One Financial Center, Boston, MA 02111, and Liberty Asset Management Company, Federal Reserve Plaza, 600 Atlantic Avenue, Boston, MA 02210–2214.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Attorney-Advisor, at (202) 942–0549, or Michael W. Mundt, Branch Chief at (202) 942–0564, (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549–0102 (telephone 202–942–8090).

Applicants' Representations

1. The Trust, a Massachusetts business trust, is registered under the Act as an open-end management investment company currently offering one series, the Liberty All-Star Growth and Income Fund (''Fund'').[1]

2. The Adviser, registered under the Investment Advisers Act of 1940 (''Advisers Act''), serves as the investment adviser to the Fund pursuant to an investment advisory agreement (''Advisory Agreement''). Under the Advisory Agreement, the Adviser, subject to the supervision of the board of trustees of the Trust (the ''Board'') sets overall investment strategies for the Fund, recommends subadvisers for the Fund, allocates and reallocates the Fund's portfolio among two or more subadvisers, and monitors and evaluates the investment performance of the subadvisers, including their compliance with the Fund's investment objective, policies and restrictions. The Adviser pays the subadvisers' fees out of the fees the Adviser receives from the Fund.

3. Under subadvisory agreements between the subadvisers and the Fund (''Subadvisory Agreements''), the subadvisers' responsibility is limited to the investment management of the respective portions of the Fund's assets assigned to them by the Adviser and related recordkeeping and reporting. The Fund currently has five subadvisers. All subadvisers of the Fund are registered as investment advisers under the Advisers Act.

4. Applicants request an order to permit the Adviser to enter into and materially amend Subadvisory Agreements without obtaining shareholder approval. The requested relief will not extend to a subadviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Trust or

[1] Applicants also request relief with respect to future series of the Trust that are advised by the Adviser and operated in substantially the same manner as the Fund and that comply with the terms and conditions contained in the application (''Future Funds'').