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**SUPPLEMENTARY INFORMATION:** This collection of information is contained in the Pension Benefit Guaranty Corporation's ("PBGC's") regulation on Redetermination of Withdrawal Liability Upon Mass Withdrawal (29 CFR Part 2648).

Section 4219(c)(1)(D) of the Employee Retirement Income Security Act of 1974 ("ERISA") requires that the PBGC prescribe regulations for the allocation of a multiemployer plan's total unfunded vested benefits in the event of a "mass withdrawal," *i.e.*, either (1) A plan termination due to the withdrawal of every employer or (2) a withdrawal of substantially all employers pursuant to an agreement or arrangement to withdraw. The regulation on Redetermination of Withdrawal Liability Upon Mass Withdrawal is issued pursuant to this statutory requirement. The regulation also provides rules under ERISA section 4209(c), dealing with an employer's liability for *de minimis* amounts if the employer withdraws in a "substantial withdrawal," *i.e.*, a withdrawal of substantially all employers within one year (without regard to whether there is an agreement or arrangement to withdraw).

The purpose of the regulation is to protect plan participants and beneficiaries against loss of non-guaranteed vested benefits, and the multiemployer plan insurance program against large claims, by requiring that all unfunded vested benefits be allocated to withdrawing employers. In a non-termination mass withdrawal case, the full allocation of unfunded vested benefits to withdrawing employers also reduces the burden on employers that remain in the plan, thus encouraging continuation of the plan. The reporting requirements in the regulation further these purposes by providing information to the PBGC so that it can monitor the plan.

The reports to the PBGC required by the regulation identify the reporting plan as having experienced a "mass withdrawal" or "substantial withdrawal" and provide certifications that the plan has determined and assessed mass withdrawal liability or liability for *de minimis* amounts, as appropriate. This enables the PBGC to monitor the plan's compliance with the relevant provisions of ERISA and the regulation. By assuring compliance with

these rules, the PBGC guards against the increased risk of plan insolvency (with resulting benefit losses to participants and claims against the insurance program) cause by the "mass withdrawal" or "substantial withdrawal."

For purposes of estimating the burden of reporting under the regulation, the PBGC assumes that there is one "mass withdrawal" and one "substantial withdrawal" subject to the regulation each year. (Such events are actually experienced less frequently.) For each "mass withdrawal" subject to the regulation, a plan must send to the PBGC a notice of mass withdrawal (requiring about 40 minutes to prepare) and two certifications that liability has been determined and assessed as required by the regulation (requiring about 30 minutes each to prepare). For each substantial withdrawal subject to the regulation, a plan must send to the PBGC a combined notice and certification (requiring about 1 hour to prepare). Accordingly, the PBGC estimates that the total annual burden of reporting under the regulation is 2 hours and 40 minutes.

Issued at Washington, DC, this 1st day of June 1995.

**Martin Slate,**

*Executive Director, Pension Benefit Guaranty Corporation.*

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## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-21100; File No. 812-9426]

### John Hancock Variable Series Trust I, et al.

May 30, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC" or the "Commission").

**ACTION:** Notice of application for exemption under the Investment Company Act of 1940 (the "1940 Act").

**APPLICANTS:** John Hancock Variable Series Trust I (the "Trust"), any series of the Trust which may be established in the future, John Hancock Mutual Life Insurance Company ("John Hancock"), and all registered investment companies for which John Hancock may serve as the investment advisor in the future (the "Funds").

**RELEVANT 1940 ACT SECTIONS:** Order requested under Section 6(c) of the 1940 Act for exemptions from Section 17(d) and Rule 17d-1 thereunder.

**SUMMARY OF APPLICATION:** Applicants seek an order permitting the existing series of the Trust to pool daily uninvested cash balances, together with the balances of any futures series of the Trust and any of the Funds, into a joint account for the purpose of investing the cash balances in short-term repurchase agreements, commercial paper and other short-term investments.

**FILING DATE:** The application was filed on December 19, 1994, and Applicants represent that an amendment to the application will be filed during the notice period.

**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 on this application by writing to the Secretary of the SEC 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 June 26, 1995 and should be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, by certificate of service. Hearing requests should state the nature of the interest, the reason for the request and the issues contested. Persons may request notification of the date of a hearing by writing to the Secretary of the SEC.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street NW., Washington, D.C. 20549. Applicants: James C. Hoodlet, Law Department, T-55, John Hancock Mutual Life Insurance Company, P.O. Box 111, 200 Clarendon Street, Boston, Massachusetts 02117.

**FOR FURTHER INFORMATION CONTACT:** Barbara J. Whisler, Senior Counsel, or Wendy Friedlander, Deputy Chief, both at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

**SUPPLEMENTARY INFORMATION:** Following is a summary of the application, the complete application is available for a fee from the Public Reference Branch of the SEC.

### Applicants' Representations

1. The Trust, an open-end diversified management investment company of the series type, currently has nine separate investment portfolios (the "Portfolios"), each of which has separate investment objectives, policies and restrictions.

John Hancock serves as the investment advisor to the Trust. Each Portfolio of the Trust pays John Hancock a management fee based on a percentage of the average daily net assets of that Portfolio. Shares of the Trust are sold to separate accounts (the "Accounts"), funding both variable life insurance

policies and variable annuity contracts issued by John Hancock and John Hancock Variable Life Insurance Company. The Accounts are registered with the Commission as unit investment trusts.

2. Applicants state that at the end of each trading day, it is expected that some or all of the Portfolios will have uninvested cash balances in their custodian accounts. Applicants state that John Hancock would be required by the 1940 Act to purchase short-term investments for these uninvested cash balances on a Portfolio by Portfolio basis. Applicants argue that these separate purchases result in certain inefficiencies which limit the return each of the Portfolios may achieve. Accordingly, Applicants request an order to permit the Portfolios to deposit some or all of the uninvested cash balances into a single joint account. The balance in the joint account would then be used to enter into one or more short-term investment transactions.

3. Applicants state that the proposed joint account arrangement will result in the Portfolios saving significant amounts in yearly transaction fees. Moreover, Applicants argue that it is easier to negotiate a higher yield on large short-term investment transactions than on smaller transactions.

Additionally, Applicants state that, by reducing the number of trade tickets which would have to be written, the proposed joint account arrangement will simplify transactions and reduce the opportunity for errors. Further, Applicants state that flexibility in the management of the Portfolios' cash balances will be enhanced, and the possibility that any Portfolio will have a cash balance uninvested overnight will be reduced. Finally, Applicants argue that the joint account should result in an increase in the number of dealers willing to enter into short-term investment transactions with some of the smaller Portfolios.

4. Applicants state that each Portfolio requires that repurchase agreements always be at least 102% collateralized. The joint account would enter into repurchase agreements collateralized by either cash or United States government or agency securities, *i.e.*, securities issued or guaranteed as to principal or interest by the United States government or by any of its agencies or instrumentalities. The Portfolios will invest in repurchase agreements only to the extent such investment would be consistent with each Portfolio's investment objectives, policies and restrictions. Applicants represent that the joint repurchase transactions will comply with the standards and

guidelines set forth in Investment Company Act Release No. 13005 (Feb. 2, 1983) and with any other existing and future positions the Commission or its staff may take regarding repurchase transactions, whether by rule, release, letter or otherwise. Applicants acknowledge that they have a continuing obligation to monitor the Commission's published statements on repurchase agreements, and, in the event that the Commission sets forth different or additional requirements, each Portfolio will modify its standards and guidelines accordingly.

5. Applicants state that the commercial paper purchased by the joint account will be interest bearing or discounted, and may include dollar denominated commercial paper of foreign issuers. Applicants further state that the market value of discounted commercial paper plus accrued interest will equal par value; and, for interest bearing commercial paper, cost, market and par value will be the same. Applicants represent that all commercial paper purchased by the joint account will be a "First Tier Security" as that term is defined in Rule 2a-7 under the 1940 Act.

6. Other short-term instruments purchased by the joint account will include: obligations issued or guaranteed as to principal or interest by the United States government, or any agency or authority thereof; and obligations (including certificates of deposit, time deposits and bankers acceptances) of banks and savings and loan associations which, at the date of the investment, have capital, surplus and undivided profits (as of the date of the most recently published financial statements) in excess of \$100,000,000. The obligations may include those of foreign branches of United States banks and United States branches of foreign banks. Each of the obligations of banks and of savings and loan associations purchased by the joint account will qualify as a "First Tier Security" as that term is defined in Rule 2a-7 under the 1940 Act.<sup>1</sup>

7. As with repurchase agreements, Applicants acknowledge that they have an obligation to monitor published statements of the Commission regarding commercial paper and other short-term investment transactions, and, in the event that the Commission or its staff set forth guidelines with respect to such transactions, each Portfolio participating in the joint account will conform its

<sup>1</sup> Applicants represent that an amendment to the application will be filed during the notice period and that such amendment will include this representation.

investments to such guidelines and, as necessary, will adopt appropriate standards and guidelines.

8. Applicants state that each of the Portfolios will participate in the joint account on the same basis as every other Portfolio and in conformity with the Portfolio's fundamental investment policies and restrictions. John Hancock will have no monetary participation in the joint account, but will be responsible for investing amounts in the joint account, establishing accounting and control procedures, and ensuring the equal treatment of each Portfolio. Applicants state that the assets of the Portfolios will continue to be held under proper bank custodial procedures.

9. Applicants opine that the investment of a Portfolio in the joint account will not be subject to the claims of creditors, whether brought in bankruptcy, insolvency or other legal proceeding, of any other Portfolio participating in the joint account.

#### Applicants' Legal Analysis

1. Section 17(d) of the 1940 Act makes it unlawful for an affiliated person of a registered investment company, acting as principal, to effect any transaction in which the registered investment company is a joint or a joint and several participant with such person in contravention of rules and regulations prescribed by the Commission. Rule 17d-1 under the 1940 Act provides that an affiliated person of a registered investment company, acting as principal, shall not participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which the registered investment company is a participant unless the Commission has issued an order approving such arrangement.

2. Each Portfolio, by participating in the proposed joint account, and John Hancock, by managing the proposed joint account, may be joint participants in a transaction within the meaning of Section 17(d), and the proposed joint account could be a joint arrangement or joint enterprise within the meaning of Rule 17d-1 under the 1940 Act.

3. In passing upon applications under Rule 17d-1, the Commission may consider the extent to which an entity's participation in a joint arrangement or enterprise is on a "basis different from or less advantageous than that of other participants." Applicants believe that the proposed joint account could have significant benefits for the participating Portfolios, and that no participating Portfolio will receive fewer relative benefits from the proposed joint account than any other participating Portfolio.

Applicants represent that each Portfolio will participate in the proposed joint account on the same basis as every other Portfolio.

4. The trustees of the Trust have considered the proposed joint account and determined that the use of the joint account would be beneficial to each participating Portfolio. Applicants represent that the trustees have satisfied themselves that the proposed method of operation for the joint account will not result in any conflicts of interest between any of the Portfolios or between any Portfolio and John Hancock. The trustees have further determined that: there does not appear to be any basis upon which to predicate greater benefit to one Portfolio than to another; the operation of the joint account will be free of any inherent bias in favor of any one Portfolio over another; and, the anticipated benefits flowing to each Portfolio will fall within an acceptable range of fairness.

5. The trustees believe that the primary beneficiaries will be participating Portfolios and the owners of the contracts issued by the Accounts because the joint account may earn higher returns and result in lower transaction costs for the Portfolios, and will be a more efficient means of administering the Portfolios' daily investment transactions.

#### Applicants' Conditions

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

1. A separate custodial account will be established for the joint account into which each Portfolio may deposit some or all of its uninvested cash balance after the conclusion of its daily trading activity. The joint account will not be distinguishable from any other accounts maintained by any Portfolio with the custodian except that monies of the Portfolios will be commingled. The joint account will not have any indicia of separate legal existence, and the sole function of the joint custodial account will be to provide a convenient way to aggregate individual transactions necessary for the management of each of the Portfolios' daily uninvested cash balance.

2. Cash in the joint account will be invested in one or more repurchase agreements, commercial paper and/or other short-term investment transactions which will have, with rare exceptions, an overnight, over the weekend, or over the holiday maturity, and in no event will have a maturity in excess of seven days.

3. Each of the Portfolios will participate in an investment through the

joint account only to the extent consistent with that Portfolio's investment objectives, policies and restrictions.

4. John Hancock will maintain records in conformity with Section 31 of the 1940 Act and rules and regulations thereunder.

The records will document, for any given day, each Portfolio's aggregate investment in the joint account and its pro rata share of the joint account.

5. Repurchase agreements will be at least 102% collateralized at all times, and will satisfy the uniform standards set by the Portfolios for such investments. The securities subject to the repurchase agreement will be transferred to the joint custodial account and they will not be held by the Portfolio's repurchase counterparty or by an affiliated person of that counterparty.

6. Each portfolio relying upon Rule 2a-7 for valuation of its net assets based on amortized cost will use the average maturity of the investments made by the Portfolio participating in the joint account when computing that Portfolio's average portfolio maturity with respect to the portion of its assets held in the joint account on that day.

7. No Portfolio will be allowed to create a negative balance in the joint account for any reason, although the Portfolio will be permitted to withdraw all or a portion of its balance at any time. No Portfolio will be obligated either to invest in the joint account or to maintain any minimum balance in the joint account.

8. John Hancock will administer the investment of the cash balances in and operation of the joint account as part of John Hancock's duties under the general terms of each Portfolio's existing or any future investment management agreement. John Hancock will not collect any additional or separate fees for the management of the joint account.

9. The administration of the joint account will be within the fidelity bond coverage required by Section 17(g) of the 1940 Act and Rule 17g-1 thereunder.

10. Each of the Portfolios participating in the joint account will adopt procedures pursuant to which the joint account will operate and which will be reasonably designed to provide that the requirements set forth in the application are met. The trustees of the Trust will make and approve changes that they deem necessary to ensure that such procedures are followed. Additionally, the trustees of the Trust will be responsible for assuring that the joint account is operated in accordance with such procedures.

11. The trustees of the Trust and the boards of directors of any future Funds participating in the joint account will evaluate the joint account annually, and will continue the joint account arrangement only if the trustees and/or the boards, as applicable, determine that there is a reasonable likelihood that the joint account will benefit the Trust, the Funds and the owners of the life insurance policies and annuity contracts participating in the Trust and the Funds.<sup>2</sup>

#### Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Section 17(d) of the 1940 Act and Rule 17d-1 thereunder are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-13802 Filed 6-5-95; 8:45 am]

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[Investment Company Act Release No. 21099; 811-5117]

#### The Mackenzie Funds Inc.; Notice of Application for Deregistration

May 30, 1995.

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

**ACTION:** Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** The Mackenzie Funds Inc.

**RELEVANT ACT SECTION:** Order requested under section 8(f).

**SUMMARY OF APPLICATION:** Applicant seeks an order declaring it has ceased to be an investment company.

**FILING DATES:** The application was filed on April 20, 1995 and amended on May 22, 1995.

**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 applicant with a copy of the request, personally or by mail. Hearing requests should be

<sup>2</sup> Applicants represent that they will file an amendment during the notice period and that such amendment will contain the representations set forth in condition 11.