42 days before the repurchase request deadline. Rule 23c–3(a)(3) provides that a repurchase offer amount may be between 5% and 25% of the common stock outstanding on the repurchase request deadline.

4. Applicants request an order pursuant to sections 6(c) and 23(c) of the Act exempting them from rule 23c–3(a)(1) to the extent necessary to permit the Fund to make monthly repurchase offers. Applicants also request an exemption from the notice provisions of rule 23c–3(b)(4) to the extent necessary to permit the Fund to send notification of an upcoming repurchase offer to shareholders at least seven days but no more than fourteen days in advance of the repurchase request deadline.

5. Applicants contend that monthly repurchase offers are in the shareholders' best interests and consistent with the policies underlying rule 23c–3. Applicants assert that monthly repurchase offers will provide investors with more liquidity than quarterly repurchase offers. Applicants assert that shareholders will be better able to manage their investments and plan transactions, because if they decide to forego a repurchase offer, they will only need to wait one month for the next offer. Applicants also contend that the Fund's management will be able to better manage the Fund's Loan portfolio, because repurchase offers will become part of a routine that is expected to provide management with more regular and predictable liquidity requirement.

6. Applicants propose to send notification to shareholders at least seven days, but no more than fourteen days, in advance of a repurchase request deadline. Applicants assert that, because the Fund intends to price on the repurchase request deadline and pay on the next business day, the entire procedure can be completed before the next notification is sent out to shareholders; thus avoiding any overlap. Applicants believe that these procedures will eliminate any possibility of investor confusion. Applicants also state that monthly repurchase offers will be accepted as a fundamental feature of the Fund, and the Fund's prospectus will provide a clear explanation of the repurchase program.

7. Applicants believe that both the primary and secondary markets for Loans have experience sufficient growth in recent years that the Fund will have adequate liquidity to support monthly repurchases. Applicants state that over the past decade, the Loan market has expanded significantly, with greater volumes and a significantly larger number of buyers and sellers. Applicants contend that the depth and efficiency of these markets, together with the portfolio manager's experience and judgment, will enable the Fund to maintain fully liquid assets at levels that will meet or exceed the requirements of rule 23c–3.

8. Applicants submit that for the reasons given above the requested relief is necessary and appropriate in the public interest and is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicants' Conditions

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

1. The Fund will not make a repurchase offer pursuant to rule 23c–3(b) for a repurchase offer amount of more than 5% in any one-month period, and not more than 25% in the aggregate in any one-quarter period of its outstanding shares. The Fund may repurchase additional tendered shares pursuant to rule 23c–3(b)(5) only to the extent the aggregate of the percentages of additional shares so repurchased does not exceed 2% in any given one-quarter period.

2. Payment for repurchased shares will occur at least five business days before notification of the next repurchase offer is sent to shareholders of the Fund.

3. The Fund will maintain an investment policy that requires, under normal conditions, that at least 80% of the value of its total assets will be invested in Loans.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–24180 Filed 9–26–01; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–25166; File No. 812–12588]

Met Investors Series Trust and Metropolitan Life Insurance Company

September 21, 2001.

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

ACTION: Notice of Application under 176(b) of the Investment Company Act of 1940 (the ''Act'') for an exemption from section 17(a) of the Act.

SUMMARY: Applicants request an order to allow certain series of a registered open-end investment company to acquire all of the assets and liabilities of certain other series of the same registered open-end investment company. Because of certain affiliations; applicants may not rely on Rule 17a–8 under the Act.

APPLICANTS: Met Investors Series Trust (''MIT'') and Metropolitan Life Insurance Company (''MetLife'').

FILING DATES The applicants was filed on August 3, 2001.

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 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 October 12, 2001 and should be accompanied by proof 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 Commission's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Applicants: Met Investors Series Trust, 22 Corporate Plaza Drive, Newport Beach, California 92660,and Metropolitan Life Insurance Company, One Madison Avenue, New York, New York 10010.

FOR FURTHER INFORMATION CONTACT: Mark Cowan, Senior Counsel, or Keith Carpenter, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942–0670.

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 Branch, 450 Fifth Street, NW., Washington, DC 20549 (Tel. 202–942–9080).

Applicants' Representations

1. Met Investors Series Trust (''MIT'') is a recently organized Delaware business trust registered under the Act as an open-end management investment company and is presently comprised of twenty-three separate series. Shares of each series of MIT are sold only to certain accounts of MetLife and its affiliates to fund benefits under certain individual flexible premium and modified single premium variable life insurance policies and certain individual and group variable annuity contracts (''Contracts'') issued by

MetLife and its affiliates and to qualified pension and retirement plans. As of the date of this application, MetLife and its affiliates are the shareholders of record of the series of MIT.[1] Only four series are involved in the proposed transactions. These series are BlackRock Equity Portfolio, BlackRock U.S. Government Portfolio, Met/Putnam Research Portfolio and PIMCO Total Return Portfolio. MIT, along with its series, are referred to herein collectively, as the ''Met Portfolios''.

2. MetLife, a New York life insurance company, is a leading provider of insurance and financial products and services to individual and group customers. MetLife provided the initial seed money for the Met/Putnam Research and the PIMCO Total Return Portfolios. MetLife (as a result of its investment of seed capital) and the separate accounts of certain of MetLife's affiliates are the shareholders of record of Met/Putnam Research and PIMCO Total Return Portfolios.

3. MetLife Investors USA Insurance Company (''MLI USA'') is a stock life insurance company organized under the laws of the State of Delaware. MLI USA is a wholly-owned subsidiary of MetLife Investors Group, Inc. (''MetLife Investors''). MetLife Investors is a wholly-owned subsidiary of MetLife. MLI USA, through its separate account, is the record shareholder for the BlackRock Equity and BlackRock U.S. Government Income Portfolios.

4. Met Investors Advisory Corp. (formerly known as Security First Investment Management Corporation) (''Met Advisory'') serves as investment adviser to MIT but has delegated responsibility for the day-to-day management of the series to various unaffialiated sub-advisers. Met Advisory is a wholly-owned subsidiary of MetLife Investors. Met Advisory is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the ''Advisers Act'').

5. On June 5, 2001, the Board of Trustees of MIT (''MIT Board''), including a majority of the Trustees who are not interested persons under section 2(a)(19) of the Act (the ''Disinterested Trustees''), authorized agreements and plans of reorganization (with respect to the Fund Reorganizations as defined below) (the 'Plans'') pursuant to which certain of the Met Portfolios (the ''Acquiring Portfolios'') will acquire all of the assets and stated liabilities of certain other Met Portfolios (the ''Acquired Portfolios''). Pursuant to the terms of the Plans, the Acquired Portfolios have agreed to sell all of their assets (subject to the assumption of certain stated liabilities) to certain corresponding Acquiring Portfolios in exchange for shares of the Acquiring Portfolios (the ''Fund reorganizations''). the exchange will take place at the respective net asset values calculated as of the close of business on the business day immediately prior to the date on which the Fund Reorganizations will occur. Shareholders of the Acquired Portfolios will exchange their shares for Class A shares of the Acquiring Portfolios.[2] As a result of the Fund Reorganizations, each Acquired Portfolio shareholder will receive Class A shares of the Acquiring Portfolios shares having an aggregate net asset value equal to the aggregate net asset value of the corresponding Acquired Portfolio's shares held by that shareholder. After the distribution of the Acquiring Portfolio's shares and the winding up of the Acquired Portfolio's business, the Acquired Portfolio will be liquidated.

6. No sales change will be imposed in connection with Class A shares of the Acquiring Portfolios received by the Acquired Portfolios' shareholders. Accordingly, no sales charges will be incurred by shareholders of the Acquired Portfolios in connection with their acquisition of shares of the Acquiring Portfolios in the Fund Reorganizations. Upon consummation of the transactions described above, each Acquired Portfolio will distribute its full and fractional shares of the Acquiring Portfolio pro rata to its shareholders of record, determined as of the exchange date.

7. Prior to the Fund Reorganizations, the shareholders of the Acquired Portfolio and the Class A shareholders of the Acquiring Portfolio will hold shares with identical characteristics. Class A shares of the Met Portfolios are sold without a front-end sales charge or a contingent deferred sales charge and are not subject to any Rule 12b–1 fees.

8. The investment objectives of each of the Acquired Portfolios is similar to that of the corresponding Acquiring Portfolios. The investment strategies of each Acquired Portfolio and its corresponding Acquiring Portfolio are also similar.

9. There is a Plan for the Fund Reorganizations. Each Plan may be terminated by the mutual agreement of the Acquiring Portfolio and the Acquired Portfolio.

10. The Board, on behalf of each of the Acquired and Acquiring Portfolios, including in each case a majority of Disinterested Trustees, approved the Fund Reorganizations as in the best interests of shareholders and determined that the interests of existing shareholders will not be diluted as a result of the Fund Reorganizations. The MIT Board on behalf of each Portfolio considered, among other things, (a) the terms and conditions of each Fund Reorganization; (b) whether the Fund Reorganization would result in the dilution of shareholders' interests; (c) the effect of the Fund Reorganization on the Contract owners and the value of their Contracts; (d) the comparative performance records of the Acquired Portfolio and the Acquiring Portfolio, and the case of the Acquiring Portfolio, the prior performance of a comparable fund; (e) the expense ratios, fees and expenses of the Acquired Portfolio and of the Acquiring Portfolio; (f) comparability of the Acquiring and Acquired Portfolio's investment objectives and policies; (g) the fact that the costs estimated to be incurred by the Portfolios as a result of the Fund Reorganizations will not be borne by the Portfolios but will be borne by MetLife or an affiliate; (h) the benefits to shareholders, including operating efficiencies, to be achieved from participating in the restructuring of the investment portfolios to be offered in connection with MLI USA's insurance products and to employee benefit plans; (i) the fact that the Acquiring Portfolio will assume the identified liabilities of the Acquired Portfolio; (j) alternatives available to shareholders of the Acquired Portfolios, including the liability to redeem their shares, and (k) the expected federal income tax consequences of the Fund Reorganizations.

11. Each Fund Reorganization is subject to the approval of the Acquired Portfolios' shareholders. A Special Meeting of the Shareholders of each Acquired Portfolio is scheduled to be held on or about October 5, 2001. As stated above, the shareholder of record of the Acquired Portfolios, at the date of this Application, is MLI USA through its registered separate account. MLI USA will vote all shares of the Acquired Portfolios in accordance with and in proportion to timely voting instructions received from Contract owners participating in the separate account registered under the Act, the value of which is invested in shares of the Acquired Portfolio through such

[1] For ease of reference, the term ''shareholder'' is generally used hereinafter to refer to Contract owners that are unit holders of a registered separate account that invests in a respective Met Portfolio.

[2] The Acquired Portfolios offer only Class A shares. The Acquiring Portfolios offer Class A, Class B and Class E shares. Class B and Class E shares are not involved in the Fund Reorganizations.

separate account at the record date. Shares of each Acquired Portfolio for which properly executed voting instructions are not received will be voted in the same proportion as that of shares of such Acquired Portfolio for which instructions are received.

12. MetLife or an affiliate will be responsible for the expenses incurred in connection with the Fund Reorganizations.

13. The Plans are subject to a number of conditions precedent, including requirements that (a) the Plans shall have been approved by the Boards on behalf of each of the Acquiring Portfolios and the Acquired Portfolios and approved by the requisite votes of the holders of the outstanding shares of each of the Acquired Portfolios in accordance with the provisions of MIT's Agreement and Declaration of Trust and By-laws; (b) the Acquired Portfolio and the Acquiring Portfolio have received opinions of counsel stating, among other things, that (i) each Fund Reorganization will constitute a ''fund reorganization'' under Section 368 of the Internal Revenue Code of 1986, as amended (the ''Code''), (ii) the Acquiring Portfolio and the Acquired Portfolio is a ''party to a fund reorganization'' within the meaning of Section 368 of the Code, (iii) no gain or loss will be recognized by the Acquiring Portfolio upon the receipt of the assets of the Acquired Portfolio solely in exchange for the Acquiring Portfolio shares and the assumption by the Acquiring Portfolio of the identified liabilities of the Acquired Portfolio and (iv) no gain or loss will be recognized by the Acquired Portfolio upon the transfer of the Acquired Portfolio's assets to the Acquiring Portfolio in exchange for the Acquiring Portfolio shares and the assumption by the Acquiring Portfolio of the identified liabilities of the Acquired Portfolio or upon the distribution of the Acquiring Portfolio shares to Acquired Portfolio shareholders in exchange for their shares of the Acquired Portfolio; and (c) the Acquired Portfolio and the Acquiring Portfolio shall have received from the Commission an order exempting the Fund Reorganizations from the provisions of section 17(a) of the Act.

Applicant's Legal Analysis

1. Section 17(a) of the Act provides, in pertinent part, that it is unlawful for any affiliated person of a registered investment company, or any affiliated person of such a person, ''(1) knowingly to sell any security or other property to such registered company * * * [or] (2) knowingly to purchase from such registered company * * * any security or other property * * *.'' Section 2(a)(3) of the Act defines the term ''affiliated person'' of another person to include, in pertinent part, ''(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person * * *; and (E) if such other person is an investment company, any investment adviser thereof * * *.''

2. Rule 17a–8 may not be available to exempt the proposed transactions described herein. The premise of Rule 17a–8 is that the investment companies involved in mergers or consolidations are under common control by virtue of having a common investment adviser, directors and/or officers and no other affiliation exists. In this case, the Portfolios may be deemed to be affiliated persons or affiliated persons of each other because MetLife beneficially owns 5% or more of the outstanding voting securities of the Acquiring Portfolios through its investment of initial seed capital.

3. Section 17(b) of the Act provides that, notwithstanding Section 17(a), any person may file with the Commission an application for an order exempting a proposed transaction from one or more provisions of that subsection and that the Commission shall grant such application and issue such order of exemption if 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 reports filed under [the Act]; and (3) the proposed transaction is consistent with the general purposes of [the Act] * * *.''

4. Applicants submit that the terms of the Fund Reorganizations satisfy the standards set forth in section 17(b), in that the terms are fair and reasonable and do not involve overreaching on the part of any person concerned. Applicants note that the MIT Board, including the Disinterested Trustees, found that participation in the Fund Reorganization is in the best interests of each Portfolio based on the following factors: (a) The interests of shareholders will not be diluted; (b) the Portfolios' investment objectives and policies are similar; (c) the benefits to shareholders, including operating efficiencies and potential economies of scale, to be achieved from participating in the restructuring of the investment portfolios to be offered in connection with MLI USA's insurance products and to employee benefit plans; (d) no sales charges will be imposed in connection with the Fund Reorganizations; (e) the service and distribution resources available to MIT and the anticipated increased array of investment alternatives available to the shareholders of MIT; (f) the transactions will be free from federal income taxes; (g) the conditions and policies of Rule 17a–8 will be followed; (h) the Fund Reorganizations have been submitted to shareholders of the Acquired Series pursuant to registration statements on Form N–14 under the 1933 Act; (i) the transfer of securities in exchange for shares will be at relative net asset value; (j) MetLife or an affiliate will pay the expenses incurred by the Portfolios in connection with the Fund Reorganizations; and (k) no overreaching by any person concerned with the transactions is occurring.

Conclusion

For the reasons and upon the factors set forth above, Applicants state that the requested order meets the standards set forth in section 17(b) of the Act and should, therefore, be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01–24183 Filed 9–26–01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 25165/September 21, 2001]

Investment Company Act of 1940; Order Extending Prior Order Under Sections 6(c), 17(b) and 38(a) of the Investment Company Act of 1940 Granting Exemptions from Certain Provisions of the Act and Certain Rules Thereunder

In light of the recent events affecting the financial markets, the Commission finds that an order extending the exemptions granted in its order of September 14, 2001, Investment Company Act Release No. 25156 (''September 14 Order''): Is necessary and appropriate to the exercise of the