

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23867; 812-11528]

Mercury Asset Management International Ltd. and Mercury Asset Management V.I. Funds, Inc.; Notice of Application

June 9, 1999.

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

ACTION: Notice of application for an order under (a) sections 6(c), 17(b) and 10(f) of the Investment Company Act of 1940 (the "Act") granting relief from sections 17(a), 17(e) and 10(f) of the Act, and rules 17e-1 and 10f-3 under the Act; and (b) under section 6(c) of the Act granting relief from sections 9(a), 13(a), 15(a) and 15(b) of the Act, and rules 6e-2(b)(15) and 6e-3(T)(b)(15) under the Act.

Summary of the Application:

Applicants seek to amend two existing orders to permit additional entities to rely on the orders.¹

Applicants: Mercury Asset Management International Ltd. ("MAM") and Mercury Asset Management V.I. Funds, Inc. ("Mercury V.I. Fund").

Filing Dates: The application was filed on March 3, 1999. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected 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 June 30, 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, 800 Scudders Mill Road, Plainsboro, New Jersey 08536.

FOR FURTHER INFORMATION CONTACT:

Susan K. Pascocello, Senior Counsel, at (202) 942-0674, Michael W. Mundt, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation), or Kevin Kirchoff, Branch Chief, at (202) 942-0670 (Division of Investment Management, Office of Insurance Products).

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, NW, Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. MAM is registered as an investment adviser under the Investment Advisers Act of 1940 and is a wholly owned subsidiary of Mercury Asset Management Group plc ("Mercury"), which was acquired by Merrill Lynch & Co. Inc. ("Merrill Lynch") in January, 1998. MAM serves as subadviser to a portfolio of TIFF International Equity Fund, a series of TIFF Investment Program, an open-end investment company registered under the Act.² MAM also will serve as investment adviser to Mercury V.I. Fund, an open-end investment company registered under the Act and currently consisting of two series. Mercury V.I. Fund would offer shares representing interests in its current and future series to separate accounts of affiliated and unaffiliated insurance companies to serve as the investment vehicle for variable annuity contracts and variable life insurance contracts, as well as directly to qualified pension and retirement plans ("Qualified Plans") outside of the separate account context. Mercury V.I. Fund has not yet commenced operations.

2. Merrill Lynch Asset Management, L.P. ("MLAM"), on behalf of its separate operating division Hotchkis and Wiley ("H&W"), and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") previously obtained an order to permit certain principal and brokerage transactions with "multi-manager" investment companies advised by H&W and at least one other investment adviser that has no affiliation with Merrill Lynch ("Brokerage Order"). The transactions are between MLPF&S and those portions

of the Multi-Managed Portfolios that are not subadvised by H&W.

3. The requested order would amend the Brokerage Order so that it would apply to both the Unaffiliated Portion of the portfolio of TIFF International Equity Fund for which MAM currently serves as subadviser, as well as to any other Multi-Managed Portfolios to which MAM or other entities that are controlled by, in control of, or under common control with MLPF&S (each an "Affiliate") may in the future provide investment advisory services (MAM and the Affiliates each an "Affiliated Subadviser") and which is operated in a manner consistent with the terms and conditions of the application relating to the Brokerage Order (the "Brokerage Application"). Specifically, the order sought would exempt MAM, MLPF&S and Affiliates from certain provisions of the Act in order to permit, subject to the conditions set forth below, (i) MLPF&S and Affiliates to engage in principal transactions with the Unaffiliated Portion of each of the Multi-Managed Portfolios; (ii) MLPF&S and Affiliates to provide brokerage services to the Unaffiliated Portion of each of the Multi-Managed Portfolios, and the Unaffiliated Portion of each of the Multi-Managed Portfolios to utilize such brokerage services; and (iii) the Unaffiliated Portion of each of the Multi-Managed Portfolios to purchase securities during the existence of an underwriting syndicate, a principal underwriter of which is MLPF&S or an Affiliate. In addition, the amended Brokerage Order would permit a portion of a Multi-Managed Portfolio advised by an Affiliated Subadviser to make purchases from certain underwritings in reliance on rule 10f-3 without aggregating the purchases with purchases made by an Unaffiliated Portion for purposes of determining compliance with rule 10f-3(b)(7) under the Act. MAM states that, under the amended Brokerage Order, an Affiliated Subadviser will be subject to all of the terms and conditions of the Brokerage Application applicable to H&W.

4. MLAM and MLPF&S previously obtained an order to allow shares of Hotchkis and Wiley Variable Trust and any investment company or portfolio designed to fund insurance products and for which H&W may serve as investment adviser, administrator, manager, principal underwriter, or sponsor to be sold to and held by variable annuity and variable life insurance separate accounts ("Separate Accounts") of both affiliated and unaffiliated life insurance companies ("Participating Insurance Companies") and by Qualified Plans outside of the

¹ Merrill Lynch Asset Management, L.P., et al., Investment Company Act Release Nos. 22616 (April 14, 1997) (notice) and 22659 (May 12, 1997) (order); Hotchkis and Wiley Variable Trust, et al., Investment Company Act Release Nos. 22749 (July 14, 1997) (notice) and 22786 (August 13, 1997) (order).

² Such portfolio together with any other portfolio advised by MAM and at least one other investment adviser that has no affiliation with Merrill Lynch is referred to as a "Multi-Managed Portfolio." The portion of a Multi-Managed Portfolio advised by an investment adviser that has no affiliation with Merrill Lynch is an "Unaffiliated Portion."

separate account context ("Mixed and Shared Funding Order"). The requested order would amend the Mixed and Shared Funding Order to apply to MAM and any Affiliate; any investment company or separate series of the investment company that is designed to fund insurance products for which MAM or any Affiliate serves or may in the future serve as investment adviser, administrator, manager, principal underwriter or sponsor (each, including Mercury V.I. Fund, a "Trust"); any insurance company and insurance company separate account supporting variable annuity or variable life insurance contracts which currently invest or may invest in a Trust; and any Qualified Plan to which a Trust may offer and sell shares representing interests in its portfolios. Specifically, applicants seek an amended order to the extent necessary to permit shares of a Trust to be offered and sold to, and held by: (i) both variable annuity and variable life insurance separate accounts of the same life insurance company or of any affiliated life insurance company; (ii) separate accounts of unaffiliated life insurance companies (including both variable annuity separate accounts and variable life insurance separate accounts); and (iii) trustees of Qualified Plans.

Applicants' Legal Analysis

A. Brokerage Order

1. MAM seeks an exemption, pursuant to Sections 6(c), 17(b) and 10(f) of the Act, from the provisions of sections 17(a), 17(e) and 10(f) of the Act and rules 17e-1 and 10f-3 under the Act. MAM states that all of the terms and representations of the Brokerage Application are equally applicable with respect to this application and are incorporated by reference, with the exception of the discussion relating to rule 10f-3(d). Rule 10f-3(d) has been deleted since the filing of the Brokerage Application and replaced by rule 10f-3(b)(7).

2. Rule 10f-3(b)(7) generally limits the securities purchased by an investment company in reliance on rule 10f-3 to 25% of the principal amount of the offering of the class of securities. Applicants seek relief from this provision so that investments by an Affiliated Subadviser will not be aggregated with investments by Unaffiliated Portions. Applicants submit that the legal discussion and analysis in the Brokerage Application relating to relief from rule 10f-3(d) are equally relevant to rule 10f-3(b)(7).

B. Mixed and Shared Funding Order

As in the application relating to the Mixed and Shared Funding Order (the "Mixed and Shared Funding Application"), applicants seek an exemption, pursuant to section 6(c) of the Act, from the provisions of sections 9(a), 13(a), 15(a) and 15(b) of the Act and rules 6e-2(b)(15) and 63-3(T)(15) under the Act. Applicants state that all of the terms and representations of the Mixed and Shared Funding Application are equally applicable with respect to this application and are incorporated by reference.

Applicants' Conditions

1. MAM agrees that MAM and any Affiliate relying on the amended Brokerage Order will be subject to the terms and conditions contained in the Brokerage Application and Brokerage Order.

2. Applicants agree that: (1) MAM and any Affiliate; (2) any Trust; (3) any insurance company and insurance company separate account supporting variable annuity or variable life insurance contracts which currently invest or may invest in a Trust; and (4) any Qualified Plan to which a Trust may offer and sell shares representing interests in its portfolios will be subject to the terms and conditions provided in the Mixed and Shared Funding Application applicable to H&W, Trusts, Participating Insurance Companies and their Separate Accounts, and Qualified Plans, respectively.³

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-15094 Filed 6-14-99; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[File No. 5000-1]

Net Command Tech, Inc.; Order of Suspension of Trading

June 11, 1999.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Net Command Tech, Inc. f/k/a Corsaire, Inc. ("NCT") an Internet technology

³The Applicants agree that in the event the Mercury V.I. Fund, or any other Trust, operates as a "feeder" fund in a "master/feeder" fund structure, such Trust shall ensure that, to the extent necessary, the "master," as well as such Trust, will comply with the conditions to the application.

company whose common stock is being quoted in the over-the-counter market, because of questions regarding the accuracy and adequacy of publicly available information disseminated by NCT and others to market makers of the stock of NCT, other broker dealers, and to investors concerning, among other things: (1) The purported acquisition by NCT of certain companies' assets and stock and the value of those assets and stock; (2) a \$1.5 million line of credit purportedly secured by NCT from a European bank; (3) the revenue generated by an American company purportedly acquired by NCT; and (4) the business success and reputation of NCT's CEO and president.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the above-listed company is suspended for the period from 9:30 a.m. EDT, on June 11, 1999, through 11:59 p.m. EDT, on June 24, 1999.

By the Commission.
Margaret H. McFarland,
Deputy Secretary.
[FR Doc. 99-15246 Filed 6-11-99; 2:07 pm]
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DEPARTMENT OF STATE

Office of Defense Trade Controls

[Public Notice No. 3062]

Notifications to the Congress of Proposed Commercial Export Licenses

AGENCY: Department of State.

ACTION: Notice.

SUMMARY: Notice is hereby given that the Department of State has forwarded the attached Notifications of Proposed Export Licenses to the Congress on the dates shown on the attachments pursuant to section 36(c) and in compliance with section 36(e) of the Arms Export Control Act (22 U.S.C. § 2776).

EFFECTIVE DATE: As shown on each of the seven letters.

FOR FURTHER INFORMATION CONTACT: Mr. William J. Lowell, Director, Office of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State ((703) 875-6644).

SUPPLEMENTARY INFORMATION: Section 38(e) of the Arms Export Control Act mandates that notifications to the