

Series and the Growth Opportunities Series subaccounts in the manner set forth in the Application is intended to reduce expenses and raise investment return and thereby benefit Contractholders with assets in those subaccounts. The purchase and sale transactions described in the Application will be effected based on the net asset value of the investment company shares held in the subaccounts and the value of the units of the subaccount involved. Therefore, there will be no change in value to any Contractholder.

Conclusion

Applicants assert that, for the reasons summarized above, the requested order approving the Substitution and related transactions involving redemptions and the combination of certain separate account subaccounts should be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-382 Filed 1-6-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-24229; File No. 812-11732]

December 30, 1999.

Provident Mutual Life Insurance Company; Notice of Application

AGENCY: Securities and exchange Commission (the "Commission").

ACTION: Notice of application for an order pursuant to Section 26(b) and Section 17(b) of the Investment Company Act of 1940 (the "1940 Act").

SUMMARY OF APPLICATION: Provident Mutual Life Insurance Company ("PMLIC"), Providentmutual Life and Annuity Company of America ("PLACA"), Provident Mutual Variable Annuity Separate Account ("PMLIC Annuity Account"), Provident Mutual Variable Separate Account ("PMLIC Account"), Providentmutual Variable Annuity Separate Account ("PLACA Annuity Account"), and Providentmutual Variable Life Separate Account ("PLACA Life Account") (together, the "Applicants") are requesting an order of approval for the proposed substitution of shares of the Equity 500 Index Portfolio (the "New Portfolio" of the Market Street Fund, Inc. ("Market Street"), a management investment company advised by an affiliate of PMLIC and PLACA, for

shares of the Index 500 Portfolio (the "Replaced Portfolio") of the Variable Insurance Products Fund II ("VIP II"), which is currently used as a variable funding option under variable annuity and variable life contracts (together, the "Contracts") issued by PMLIC or PLACA. Applicants also seek an order pursuant to Section 17(b) of the 1940 Act to permit Applicants to effect the substitution by redeeming shares of the Replaced Portfolio in kind and using the proceeds to purchase shares of the New Portfolio.

APPLICANTS: PMLIC, PLACA, PMLIC Annuity Account, PMLIC Account, PLACA Annuity Account, and PLACA Life Account.

FILING DATE: The application was filed on August 2, 1999, and amended on December 20, 1999.

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 must be received by the Commission by 5:30 p.m. on January 24, 2000, and must 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 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, c/o James G. Potter, Esq., Provident Mutual Life Insurance Company, 1000 Chesterbrook Boulevard, Berwyn, Pennsylvania 19312-1181. Copies to Jeffrey A. Dalke, Esq. and Cori E. Daggett, Esq., Drinker Biddle & Reath LLP, One Logan Square, 18th and Cherry Streets, Philadelphia, PA 19103-6996.

FOR FURTHER INFORMATION CONTACT: Rebecca M. Marquigny, Senior Counsel, or Keith E. 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 from the Commission's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549 (tel. (202) 942-8090).

Applicants' Representations

1. PMLIC, a mutual life insurance company chartered by the Commonwealth of Pennsylvania, is authorized to transact life insurance and annuity business in Pennsylvania and in 50 other jurisdictions. PMLIC is the depositor and sponsor of the PMLIC Annuity Account and the PMLIC Account.

2. PLACA is a stock life insurance company originally incorporated under the laws of the Commonwealth of Pennsylvania in 1958, and redomiciled as a Delaware insurance company in 1992. It is a wholly owned subsidiary of PMLIC. PLACA is licensed to do business in 48 states and the District of Columbia. PLACA is the depositor and sponsor of the PLACA Annuity Account and the PLACA Life Account.

3. PMLIC established the PMLIC Annuity Account on October 19, 1992 and the PMLIC Account on June 7, 1993 as segregated investment accounts under Pennsylvania law. PLACA established the PLACA Annuity Account on May 9, 1991 as a segregated investment account under Pennsylvania law, and established the PLACA Life Account on June 30, 1994 as a segregated investment account under Delaware law. Each Account is a "separate account" as defined by Rule 0-1(e) under the 1940 Act, and is registered with the Commission as a unit investment trust.

4. The PMLIC Account is divided into twenty subaccounts. Each subaccount invests exclusively in shares representing an interest in a separate corresponding Portfolio of one of five series-type management companies. The assets of the PMLIC Account support variable life insurance Contracts, and interests in the PMLIC Account offered through such Contracts have been registered under the Securities Act of 1933 (the "1933 Act") on Form S-6.

5. The PMLIC Annuity Account is divided into thirty-one subaccounts. Each subaccount invests exclusively in shares representing an interest in a separate corresponding Portfolio of one of seven series-type management companies. The assets of the PMLIC Annuity Account support variable annuity Contracts, and interests in the PMLIC Annuity Account offered through such Contracts have been registered under the 1933 Act on Form N-4.

6. The PLACA Annuity Account is divided into thirty-one subaccounts. Each subaccount invests exclusively in a Portfolio of one of seven series-type registered investment management companies. The assets of the PLACA

Annuity Account support variable annuity Contracts, and interests in the PLACA Annuity Account offered through such Contracts have been registered under the 1933 Act on Form N-4.

7. The PLACA Annuity Account is divided into twenty-five subaccounts. Each subaccount invests in a Portfolio of one of six series-type management companies. The assets of the PLACA Life Account support variable life Contracts, and interests in the PLACA Life Account offered through such Contracts have been registered under the 1933 Act on Form S-6.

8. The PMLIC Annuity Account, the PMLIC Account, the PLACA Annuity Account and the PLACA Life Account, either directly or through their subaccounts, invest in shares of various investment portfolios (the "Portfolios"), including the Replaced Portfolio.

9. The Contracts are modified premium and flexible premium variable life insurance contracts and individual flexible premium deferred variable annuity contracts. PMLIC issues five of the variable life insurance Contracts and one of the variable annuity Contracts that would participate in the proposed substitution. PLACA issues three of the variable life insurance Contracts and two variable annuity Contracts that would participate in the proposed substitution. The Contracts provide for the accumulation of values on a variable basis, fixed basis, or both, during the accumulation period, and provide settlement or annuity payment options on a fixed basis. PMLIC or PLACA, under each of the Contracts, reserves the right to substitute shares of one Portfolio for shares of another, including a Portfolio of a different registered management investment company.

10. Generally, the variable life insurance Contracts provide for twelve free transfers within one policy year, with a charge of \$25 thereafter for any additional transfer within that policy year. Some Contracts require a minimum transfer amount of \$1,000. Another Contract provides for four free transfers in a minimum amount of \$100.

11. Three variable annuity Contracts provide for twelve free transfers within one policy year, with a charge of \$25 thereafter for any additional transfer within that policy year. The remaining variable annuity Contracts provide for a minimum transfer amount of \$500 with no limit on the number of transfers, except a limit of one transfer per policy year from the Guaranteed Account.

12. VIP II was organized as a Massachusetts business trust on March 21, 1988. VIP II is registered under the 1940 Act as an open-end diversified

management investment company. VIP II is a series investment company as defined by Rule 18f-2 under the 1940 Act and currently comprises five portfolios. VIP II issues a separate series of shares of beneficial interest in connection with each portfolio and has registered these shares under the 1933 Act on Form N-1A. One of these portfolios is the Replaced Portfolio. The investment adviser, subadviser and distributor of the Replaced Portfolio are not affiliated with PMLIC or PLACA. Shares of the Replaced Portfolio are held by the Accounts either directly or indirectly through certain of their subaccounts.

13. The Market Street Fund, Inc. ("Market Street") was incorporated in Maryland on March 21, 1985. Market Street is registered under the 1940 Act as an open-end diversified management investment company. Market Street is a series investment company as defined by Rule 18f-2 under the Act and currently comprises eleven Portfolios. Market Street issues a separate series of shares in connection with each Portfolio and has registered these shares under the 1933 Act on Form N-1A. Providentmutual Investment Management Company ("PIMC"), an indirect subsidiary of PMLIC, serves as investment adviser to certain of the Market Street Portfolios.

14. Market Street and PIMC are organizing the New Portfolio. PIMC will serve as the investment adviser of the New Portfolio. PIMC will enter into a contract with State Street Global Advisers ("State Street"), a division of State Street Bank and Trust Company, under which State Street will manage the New Portfolio as subadviser.

15. PMLIC, on its behalf and on behalf of the PMLIC Annuity Account and the PMLIC Account, and PLACA, on its behalf and on behalf of the PLACA Annuity Account and the PLACA Life Account, propose to substitute shares of the New Portfolio for shares of the Replaced Portfolio. The Applicants believe that by making the proposed substitutions in each of the Accounts, they can better serve the interests of owners of their Contracts as described below.

16. The Replaced Portfolio and the New Portfolio have substantially the same investment objective. Both are passively managed portfolios that seek investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the Standard & Poor's Composite Index of 500 Stocks (the "S&P 500"). Both invest substantially all of their assets in the common stocks that are included in the S&P 500, and both

attempt to minimize the difference ("tracking error") between their investment performance and the investment performance of the S&P 500. As a result of their similar investment objectives and policies, the Replaced Portfolio and the New Portfolio present substantially the same investment risk, which is the risk of investing in the stocks of large U.S. issuers that are included in the S&P 500.

17. At least until May 1, 2001, PMLIC and PLACA intend to maintain the same total expense ratio for the New Portfolio as the Replaced Portfolio has experienced. Total expenses as a percentage of net assets are .28% for the Replaced Portfolio. This rate reflects a voluntary reimbursement by the investment adviser for total operating expenses in excess of .28% of average net assets. This arrangement may be terminated at any time. Contractual total management fees for the Replaced Portfolio are .24% of average net assets. Total annual operating expenses without reimbursements would have been .35% of average net assets for the fiscal year ended December 31, 1998. Contractual total management fees for the New Portfolio will be .24% of average net assets. Total annual operating expenses for the New Portfolio are expected to be .39% of average net assets; however, total expenses as a percentage of net assets for the New Portfolio will be .28% as the result of the reimbursement of expenses.

18. Currently, approximately \$300 million of Contract owner funds are allocated to the Replaced Portfolio. PMLIC and PLACA intend to reallocate the entire amount currently invested in the Replaced Portfolio, less Contract owner reallocations to other currently existing investment options, to the New Portfolio. The Applicants believe that the amount of such Contract owner reallocations will be insubstantial, and that the New Portfolio will have more than enough assets to replicate the investment structure and performance of the S&P 500 Index.

19. The Applicants believe that it is in the interests of Contract owners that PMLIC and PLACA control, to the extent practicable, the underlying Portfolios in which the Accounts invest. The Applicants also believe that Contract owners are benefited to the extent the PMLIC and PLACA are able to improve their efficiency in administering the products they offer and increase their oversight over the investment options that are available to Contract owners.

20. Control, administrative efficiency and oversight are important to Contract

owners because they help ensure the quality of PMLIC's and PLACA's products and help reduce unnecessary costs. For example, because the Replaced Portfolio is available as a portfolio in other variable insurance products offered by unaffiliated companies, PMLIC and PLACA do not have nearly as much influence over matters relating to the Replaced Portfolio as they will have with respect to the New Portfolio. In particular, by being able to interact directly with Market Street's board of directors, PMLIC and PLACA will better be able to have meaningful input on matters relating to the New Portfolio, such as the use of particular investment techniques by the New Portfolio and the level of Portfolio expenses. Furthermore, the substitution of the New Portfolio will give PMLIC and PLACA greater ability to coordinate events requiring communications to Contract owners. Changes to the management or structure of Portfolios that are offered through the Contracts but are managed by firms that are unaffiliated with PMLIC or PLACA (such as the Replaced Portfolio) can result in costly, off-cycle communications and mailings to Contract owners that might otherwise be avoided. In addition, to the extent that the investment management of a Portfolio is unsatisfactory for any reason, correction of the matter is often less complicated and cheaper in situations where the investment manager of the Portfolio is affiliated with the sponsor of the Accounts than in situations where the investment manager is unaffiliated. In the latter case, regulatory approval of the substitution of another Portfolio may be the only available alternative.

21. The proposed substitution will thus enhance PMLIC's and PLACA's ability to control both their costs and the costs of their products (through administrative efficiencies and the greater ability to control the costs of the New Portfolio), and in this way will be able to ensure their continued competitiveness over time. Furthermore, the proposed substitution will increase PMLIC's and PLACA's ability to monitor the investment performance of the New Portfolio (including the accuracy of its tracking the performance of the S&P 500), to react quickly to any issues that may arise in connection with the New Portfolio's operations and to ensure that the management of the New Portfolio is fully consistent with both the terms and purposes of the Contracts offered to customers and with the other

investment options that are available through the Contracts.

22. The proposed substitution reduces the possibility of conflicts that can arise in connection with the use of Portfolios that are used in "shared" funding arrangements by unaffiliated insurance companies.

23. By supplements to the various prospectuses for the Contracts and the Accounts, all owners of the Contracts will be notified of the Applicants' intention to take the necessary actions, including seeking the order requested by the application, to substitute shares of the Portfolio.

24. The supplements for the Accounts will advise Contract owners that from the date of the supplement until 30 days after the date of the proposed substitution, Contract owners are permitted to make one transfer of all amounts under a Contract invested in any one of the affected Accounts or subaccounts to another subaccount or separate account available under a Contract without that transfer counting as a "free" transfer permitted under a Contract. The supplements also inform Contract owners that PMLIC and PLACA will not exercise any rights reserved under any Contract to impose additional restrictions on transfers until at least 30 days after the proposed substitution.

25. The substitution will be effected by redeeming shares of the Replaced Portfolio on the date of the substitution at net asset value and using the proceeds to purchase shares of the New Portfolio at net asset value on the same date. No transfer or similar charges will be imposed by PMLIC or PLACA and, at all times, all contracts and policies will remain unchanged and fully invested.

26. While the substitution may be effected in cash, the Applicants are contemplating the possibility of a redemption of the shares of the Replaced Portfolio partly or entirely in kind. If a redemption in kind is effected, the cash and securities received as payment in kind would then be used to purchase shares of the New Portfolio. Redemption and contribution in kind would reduce the brokerage costs that would otherwise be charged in connection with the redemption. In kind redemption and contribution would be done in a manner consistent with the investment objectives and policies and diversification requirements of the New Portfolio, and PIMC and the New Portfolio's subadviser would review the in kind redemption to assure that the assets proposed for the substitution are suitable for the New Portfolio. The assets subject to the in kind redemption

and contribution would be valued based on the normal valuation procedures of the Replaced Portfolio and the New Portfolio. Any inconsistencies in valuation procedures between the Replaced Portfolio and the New Portfolio would be reconciled so that the redeeming and purchasing values are the same. It is expected that any inconsistencies in valuation would be minimal because both the Replaced Portfolio and the New Portfolio invest primarily in common stocks listed on the S&P 500 Composite Price Index, securities with a readily ascertainable market value. Both the Replaced Portfolio and the New Portfolio value an equity security at its last sale price before valuation, or if no sale price is available, at its closing bid price. In effecting the substitution, the redemption requests and the purchase orders will be placed simultaneously so that the purchases will be effected for the exact amounts of the redemption proceeds. Consistent with Rule 17a-7(d) under the 1940 Act, no brokerage commissions, fees (except customary transfer fees) or other remunerations would be paid in connection with any in kind transaction. In addition, no transfer fees will be borne by the Contract owners.

27. The proposed substitution will take place at relative net asset value 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 Contract. Contract owners will not incur any fees or charges as a result of the proposed substitution, nor will their rights or PMLIC's or PLACA's obligations under the Contracts be altered in any way. All expenses incurred in connection with the proposed substitution, including legal, accounting and other fees and expenses, including brokerage expenses, will be paid by PMLIC or PLACA. In addition, the proposed substitution will not impose any tax liability on Contract owners. The proposed substitution will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitution than before the proposed substitution.

28. In addition to the prospectus supplements distributed to owners of Contracts, within five days after the proposed substitution, any Contract owners who were affected by the substitution will be sent a written notice informing them that the substitution was carried out and that for a period of 30 days following the substitution they may make one transfer of all account value under a Contract invested in any one of the affected Accounts or

subaccounts to another subaccount or separate account available under their Contract without that transfer counting as one of any limited number of transfers permitted in a Contract year or as one of a limited number of transfers permitted in a Contract year free of charge. The notice will also state that PMLIC and PLACA will not exercise any rights reserved under any of the Contracts to impose additional restrictions on transfers until at least 30 days after the proposed substitution. The notice as delivered in certain states also may explain that, under the insurance regulations in those states, Contract owners who are affected by the substitution may exchange their Contracts for fixed-benefit life insurance contracts or annuity contracts, as applicable, issued by PMLIC (or one of its affiliates) or PLACA (or one of its affiliates) during the 60 days following the proposed substitutions. The notices will be accompanied by the current prospectus for the New Portfolio.

29. PMLIC and PLACA also are seeking approval of the proposed substitution from any state insurance regulators whose approval may be necessary or appropriate.

Applicants' Legal Analysis

1. Section 26(b) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to receive commission approval before substituting the securities held by the trust. Section 26(b) was added to the Act by the Investment Company Amendments of 1970. Prior to the enactment of the 1970 amendments, a depositor of a unit investment trust could substitute new securities for those held by the trust by notifying the trust's security holders of the substitution within five days of the substitution. In 1966, the Commission, concerned with the high sales charges then common to most unit investment trusts and the disadvantage these charges created for investors who did not want to remain invested in the substituted fund, recommended that Section 26 be amended to require that a proposed substitution of the underlying investments of a trust receive prior Commission approval. Congress responded to the Commission's concerns by enacting Section 26(b) to require that the Commission approve all substitutions by the depositor of investments held by unit investment trusts.

2. The proposed substitution involves substitution of securities within the meaning of Section 26(b) of the Act. Applicants therefore request an order from the Commission pursuant to

Section 26(b) approving the proposed substitution.

3. The Contracts expressly reserve for PMLIC or PLACA the right, subject to compliance with applicable law, to substitute shares of another investment company for shares of an investment company held by an Account or a subaccount of an Account. The prospectuses for the Contracts and the Accounts contain appropriate disclosure of this right. PMLIC and PLACA have each reserved this right of substitution to preserve the opportunity to replace such shares in situations where a substitution will further the mutual interests of Contract owners and themselves.

4. In the present case, Contract owners will be at least as well off after the proposed substitution as they are today. Shares of Replaced Portfolio will be replaced by a portfolio with substantially the same investment objectives and policies and substantially the same expenses. Furthermore, the proposed substitution retains for Contract owners the investment flexibility which is a central feature of the Contracts. If the proposed substitution is carried out, the Contract owners will be permitted to allocate purchase payments and transfer account values between and among the same number of separate accounts or subaccounts as they could before the proposed substitution. Most importantly the proposed substitution provides the benefit of allowing the Applicants greater control over the management and administration of the Contracts and their underlying investments and reducing the risk of harm that can result from less control.

5. In these respects, the proposed substitution is fully consistent with the policies underlying Section 26(b). Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer account values to other separate accounts or subaccounts without cost or other disadvantage. The proposed substitution will not result in the type of costly forced redemption which Section 26(b) was designed to prevent.

6. The proposed substitution also is unlike the type of substitution which Section 26(b) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their account values. They also select the specific type of

insurance coverage offered by PMLIC or PLACA under their Contracts as well as numerous other rights and privileges set forth in the Contracts. Contract owners would reasonably have considered PMLIC's or PLACA's size, financial condition and reputation for service in selecting their Contracts. These factors will not change as a result of the proposed substitution.

7. The Applicants submit that the proposed substitution meets the standards that the Commission and its staff have applied to similar substitutions that have been approved in the past.

8. Section 17(a) (1) and (2) of the 1940 Act generally prohibit any affiliated person of a registered investment company, or an affiliated person of an affiliated person, from selling any security or other property to such registered investment company and from purchasing any security or other property from such registered investment company. PMLIC and PLACA anticipate that the proposed substitution will be accomplished in whole or in part by redeeming shares of the Replaced Portfolio in kind rather than in cash and then using the securities received to purchase shares of the New Portfolio.

9. PMLIC, as depositor of the PMLIC Annuity Account and the PMLIC Account, effectively controls those Accounts, and therefore is an affiliated person of each of the PMLIC Annuity Account and the PMLIC Account. PLACA, as depositor of the PLACA Annuity Account and the PLACA Life Account, effectively controls the PLACA Annuity Account and the PLACA Life Account, and is therefore an affiliated person of those Accounts.

10. The Accounts, PLACA and PIMC are under the common control of PMLIC and therefore may be deemed to be affiliated persons of one another. PIMC, as investment adviser to Market Street, is an affiliated person of Market Street.

11. If the Applicants effect the proposed redemption and contribution in kind, the Accounts would receive securities upon redemption of shares of the Replaced Portfolio. The Accounts would then purchase shares of the New Portfolio from Market Street with the securities acquired in the redemption. The redemption and contribution in kind therefore involve a purchase and sale of property among parties which may be deemed to be affiliated persons under Section 17(a) of the 1940 Act.

12. Section 17(b) of the 1940 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 reports filed under the 1940 Act; and (3) the proposed transaction is consistent with the general purposes of the 1940 Act.

13. The Applicants submit that the terms under which any redemption and contribution in kind would be effected are reasonable and fair and do not involve overreaching on the part of any person. The Applicants further submit that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of 1940 Act.

14. If a redemption and contribution in kind is effected, each of PMLIC and PLACA, on behalf of its respective Accounts, would contemporaneously place a redemption request with the Replaced Portfolio and a purchase order with the New Portfolio so that each purchase in the New Portfolio would correlate to the amount of the redemption proceeds received from the Replaced Portfolio. As a result, at all times, monies attributable to Contract owners then invested in the Replaced Portfolio would remain fully invested.

15. Furthermore, the interests of the Contract owners would not be diluted by the proposed transaction. The redemption and contribution in kind would be done at values consistent with the policies of both the Replaced Portfolio and the New Portfolio. In addition, PIMC and the proposed subadviser of the New Portfolio would review the asset transfers to ensure that the assets meet the objectives of the New Portfolio and that they are valued under the appropriate valuation procedures of the Replaced Portfolio and the New Portfolio. The in kind redemption and contribution would reduce the brokerage costs that would otherwise be charged in connection with the full redemption of shares and would conform to the provisions of rule 17a-7(d) under the 1940 Act.

16. The Applicants believe proposed redemption and contribution in kind are consistent with the general purposes of the 1940 Act and do not present any of the abuses that the 1940 Act was designed to address. The Applicants would carry out the proposed substitution and any redemption and purchase in kind in a manner appropriate in the public interest and

consistent with the protection of investors. The Applicants submit that the proposed redemption and contribution in kind meets the standards the Commission and its staff have applied to applications for orders of exemption for similar redemptions in kind that have been granted in the past.

17. The Applicants request an order of the Commission pursuant to Section 26(b) of the 1940 Act approving the proposed substitution by PMLIC and PLACA and pursuant to Section 17(b) of the 1940 Act exempting any related transaction involving a redemption and contribution in kind from Section 17(a). The proposed substitution and related transaction will not be completed until after both (1) the Commission has issued an Order granting the relief requested in this application and (2) the post-effective amendment to the registration statement of Market Street registering the New Portfolio and its shares with the Commission is effective.

Conclusion

For the reasons summarized above, Applicants assert that the requested order meets the standards set forth in Section 26(b) of the 1940 Act and Section 17(b) of the 1940 Act and should, therefore, be granted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 00-380 Filed 1-6-00; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24231; 812-11782]

Standish, Ayer & Wood Investment Trust, et al., Notice of Application

January 3, 2000.

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

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

SUMMARY OF APPLICATION: Applicants request an order to permit certain limited partnership to transfer all their assets to corresponding new series of a registered open-end management investment company in exchange for shares of the new series.

APPLICANTS: Standish, Ayer & Wood Investment Trust ("Trust"), Standish Small Cap Value Fund, Limited

Partnership ("Small Cap Partnership"), SIMCO International Small Cap Fund, Limited Partnership ("International Partnership") and together with the Small Cap Partnership, the "Partnerships"), Standish, Ayer & Wood Inc. ("Standish"), Standish International Management Company, L.P. ("SIMCO" and together with Standish, the "Advisers"), and Standish Investments, Inc. ("SII").

FILING DATES: The application was filed on September 20, 1999 and amended on December 22, 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 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 January 26, 2000, 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, D.C. 20549-0609; Applicants, c/o Beverly E. Banfield, Standish, Ayer & Wood Inc. One Financial Center, 26th Floor, Boston, MA 02111.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Senior Counsel, at (202) 942-0574 or George J. Zornada, 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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, D.C. 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. The Trust currently offers 23 series and proposes to offer two additional series, the Standish Small Cap Value Fund ("Small Cap Fund") and the Standish International Small Cap Fund ("International Fund" and together with