

should be received within 60 days of this notice.

Chuck Mierzwa,
Clearance Officer.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 26047; 812-12770]

The MainStay Funds, et al.; Notice of Application

May 15, 2003.

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

ACTION: Notice of an application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 12(d)(1)(A) and (B) of the Act, under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint transactions.

Summary of the Application: The requested order would permit certain registered management investment companies to invest uninvested cash and cash collateral in affiliated money market funds in excess of the limits in sections 12(d)(1)(A) and (B) of the Act.

Applicants: The MainStay Funds ("MainStay"), Mainstay VP Series Fund, Inc. ("VP"), Eclipse Funds, Eclipse Funds, Inc., New York Life Investment Management Institutional Funds ("NYLIM Institutional") and McMorgan Funds (together the "Funds"), all existing and future series of the Funds (together the "Portfolios"), New York Life Investment Management LLC ("NYLIM"), MacKay Shields LLC ("MacKay") and McMorgan & Company LLC ("McMorgan," together with NYLIM and MacKay, the "Adviser"), and any other registered management investment company and series thereof currently or in the future advised by the Adviser or any entity controlling, controlled by, or under common control with the Adviser (included in the term "Adviser") (each such investment company included in the term "Funds" and its series included in the term "Portfolios").

Filing Dates: The application was filed on February 12, 2002 and amended on May 9, 2003.

Hearing or Notification of Hearing: An order granting the requested relief 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 June 9, 2003, 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, DC, 20549-0609. Applicants, c/o Paul Schott Stevens, Esq., Dechert, 1775 Eye Street NW., Washington, DC, 20006.

FOR FURTHER INFORMATION CONTACT: Emerson S. Davis, Sr., Senior Counsel, at (202) 942-0714, or Nadya B. Roytblat, Assistant Director, 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, DC, 20549-0102 (tel. 202-942-8090).

Applicants' Representations

1. Each Fund is registered under the Act as an open management investment company. MainStay and Eclipse Funds are Massachusetts business trusts and consist of twenty-four and four Portfolios, respectively. VP and Eclipse Funds, Inc., are Maryland corporations and are comprised of nineteen and fourteen Portfolios, respectively. McMorgan Funds and NYLIM Institutional are Delaware business trusts and consist of five and one Portfolios, respectively. The Portfolio of NYLIM Institutional holds itself out as a money market fund that complies with rule 2a-7 under the Act (together with any future Portfolios that comply with rule 2a-7 under the Act, the "Money Market Funds").¹

2. NYLIM, an investment adviser registered under the Investment Advisers Act of 1940 ("Advisers Act"),

¹ All existing Funds that currently intend to rely on the requested relief are named as applicants. The term "Adviser" shall include successor(s) in interests, which are entities that result from a reorganization of the entity into another jurisdiction or a change in the type of business organization of the entity. Any other existing and future entity that may rely on the relief in the future will do so only in accordance with the terms and conditions of the application.

serves as investment adviser to the Portfolios. MacKay and McMorgan, investment advisers registered under the Advisers Act, are subadvisers to certain Portfolios. The Adviser serves or may serve as investment adviser to privately managed accounts which are entities that are not pooled investment vehicles ("Managed Accounts"). NYLIM, MacKay and McMorgan are indirect wholly-owned subsidiaries of New York Life Insurance Company.

3. Portfolios that are not Money Market Funds (the "Investing Funds") and Managed Accounts have, or are expected to have, cash reserves ("Uninvested Cash"). Such Uninvested Cash may result from a variety of sources, including dividends or interest received on portfolio securities, unsettled securities transactions, strategic reserves, matured investments, liquidated proceeds from investment securities, or new investor monies. Certain Investing Funds and Managed Accounts also may participate in a securities lending program under which an Investing Fund may lend its portfolio securities to registered broker-dealers or other institutional investors ("Securities Lending Program"). The loans will be continuously secured by collateral, equal at all times to at least the market value of the securities loaned (such collateral, when in the form of cash, "Cash Collateral" and together with Uninvested Cash, "Cash Balances"). The Managed Accounts also may have Cash Collateral.

4. Applicants request an order to permit the Investing Funds and Managed Accounts to invest their Cash Balances in shares of one or more Money Market Funds and the Money Market Funds to sell their shares to, and redeem their shares from, the Investing Funds and Managed Accounts and the Adviser to effect the proposed transactions. Investment of Cash Balances in shares of the Money Market Funds will be made consistent with each Investing Fund's investment restrictions and policies as set forth in its prospectus and statement of additional information. Applicants believe that the proposed transactions may reduce transaction costs, create more liquidity, increase returns, and further diversify holdings.

5. Applicants state that the Managed Accounts and Money Market Funds engage in the purchase and sale transactions with each other in reliance of rule 17a-7 under the Act. Applicants seek relief to permit these interfund transactions to continue in the event that the Managed Accounts become 5% or more owners of the Money Market Funds ("Interfund Transactions").