

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3312 / November 9, 2011

INVESTMENT COMPANY ACT OF 1940
Release No. 29858 / November 9, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-11393

In the Matter of

**MASSACHUSETTS FINANCIAL
SERVICES COMPANY, JOHN W.
BALLEN AND KEVIN R. PARKE**

Respondents.

**ORDER MODIFYING ORDER
INSTITUTING
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 203(e),
203(f) AND 203(k) OF THE
INVESTMENT ADVISERS ACT
OF 1940 AND SECTIONS 9(b) AND
9(f) OF THE INVESTMENT
COMPANY ACT OF 1940,
MAKING FINDINGS, AND
IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-
DESIST ORDER AS TO
MASSACHUSETTS FINANCIAL
SERVICES COMPANY**

I.

On February 5, 2004, the United States Securities and Exchange Commission (the “Commission”) instituted administrative and cease-and desist proceedings pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”), Making Findings and Imposing Remedial Sanctions and Cease-and Desist Order (the “2004 Order”) against Massachusetts Financial Services Co. (“MFS” or “Respondent”), John W. Ballen and Kevin R. Parke.¹

II.

¹ See Advisers Act Rel. No. IA-2213, February 5, 2004, Admin. Proc. File No. 3-11393.

In anticipation of the institution of these proceedings, MFS consented to the 2004 Order. Among other things, the 2004 Order required MFS to cease and desist from further violations of the federal securities laws, directed MFS to pay disgorgement and civil money penalties, and directed MFS to comply with various undertakings.

III.

MFS has submitted an Amended Offer of Settlement (the “Offer”) proposing to relieve it of the obligations to continue to: (1) use its best efforts to cause each MFS retail mutual fund to hold a meeting of shareholders at least every 5th calendar year to elect trustees in accordance with paragraph III.31.c of the 2004 Order; (2) use its best efforts to cause each MFS retail fund to designate an independent compliance officer in accordance with paragraph III.31.d of the 2004 Order; (3) maintain an Internal Compliance Controls Committee in accordance with paragraph IV.B.1.b. of the 2004 Order; (4) undergo a third-party biennial compliance review in accordance with paragraph IV.F of the 2004 Order. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, MFS consents to the entry of this Order Modifying Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 and Sections 9(b) And 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

IV.

The Commission deems it appropriate and in the public interest to modify the 2004 Order as agreed to in MFS’s Offer.

Accordingly, IT IS HEREBY ORDERED that:

- A. Paragraph III.31.c of the 2004 Order is modified as follows:
 - c. In 2005 and 2010, each MFS Retail Fund will hold a meeting of shareholders at which the board of trustees will be elected.
- B. Paragraph III.31.d of the 2004 Order is modified as follows:
 - d. Until at least September 30, 2011, each MFS Retail Fund will designate an independent compliance officer reporting to its board of trustees as being responsible for assisting the board of trustees and any of its committees in monitoring compliance by MFS with the federal securities laws, MFS's fiduciary duties to fund shareholders and its Code of Ethics in all matters relevant to the operation of the MFS Retail Funds. The duties of this person will include reviewing all compliance reports furnished to the board of trustees or its

committees by MFS, attending meetings of MFS's Internal Compliance Controls Committee to be established pursuant to MFS's undertakings set forth in paragraph IV.B.1.b below, serving as liaison between the board of trustees and its committees and the chief compliance officer of MFS, making such recommendations to the board of trustees regarding MFS's compliance procedures as may appear advisable from time to time, and promptly reporting to the board of trustees any material breach of fiduciary duty, breach of the Code of Ethics and/or violation of the federal securities laws of which he or she becomes aware in the course of carrying out his or her duties.

C. Paragraph IV.B.1.b of the 2004 Order is modified as follows:

b. Until at least September 30, 2011, MFS shall establish an Internal Compliance Controls Committee to be chaired by MFS's chief compliance officer, which Committee shall have as its members senior executives of MFS's operating businesses. Notice of all meetings of the Internal Compliance Controls Committee shall be given to the independent compliance officer of the trustees of the MFS Retail Funds, who shall be invited to attend and participate in such meetings provided that the involvement of the independent compliance officer shall be limited to compliance issues relating to the MFS Retail Funds. The Internal Compliance Controls Committee shall review compliance issues throughout the business of MFS, endeavor to develop solutions to those issues as they may arise from time to time, and oversee implementation of those solutions. The Internal Compliance Controls Committee shall provide reports on internal compliance matters to the Compliance or Audit Committee of the trustees of the MFS Retail Funds with such frequency as the independent trustees of such funds may instruct, and in any event at least quarterly. MFS shall also provide to the Risk Review or Audit Committee of Sun Life Financial Inc. the same reports of the Code of Ethics Oversight Committee and the Internal Compliance Controls Committee that it provides to the Compliance or Audit Committee of the MFS Retail Funds.

D. Paragraph IV.F of the 2004 Order is modified as follows:

F. Periodic Compliance Review. Commencing in 2006, and at least once every other year thereafter through 2010, MFS shall undergo a compliance review by a third party, who is not an interested person, as defined in the Investment Company Act, of MFS. At the conclusion of the review, the third party shall issue a report of its findings and recommendations concerning MFS's supervisory, compliance, and other policies and procedures designed to prevent and detect breaches of fiduciary duty, breaches of the Code of Ethics and federal securities law violations by MFS and its employees in connection with their duties and

activities on behalf of and related to the MFS Retail Funds. Each such report shall be promptly delivered to MFS's Internal Compliance Controls Committee and to the Compliance or Audit Committee of the board of trustees of each MFS Retail Fund.

- E. All other provisions of the 2004 Order remain in effect.

By the Commission.

Elizabeth M. Murphy
Secretary