calculated as the greater of (a) $25 per Unit, or (b) if Units of any Series are exchanged within five months of their acquisition for Units of a Series with a higher sales charge, or if Units subject to a deferred sales charge are exchanged for Units sold with an initial sales charge, an amount that, together with the sales charge already paid on the Units being exchanged, equals the normal sales charge on the acquired Units.

7. If Units subject to a deferred sales charge are exchanged for Units of a Series not having such a charge, the deferred sales charge will be collected at the time of the exchange. If Units subject to a deferred sales charge are exchanged for Units without such a charge, installment payments will continue to be deducted from the distributions on the acquired Units until the original balance of the sales charge owed on the initial investment has been collected. In either case, the additional sales charge will be imposed at the time of the exchange.

Applicants' Legal Analysis

1. Under section 6(c), the SEC may exempt any person or transaction from any provision of the Act or any rule thereunder to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

2. Section 2(a)(32) defines a ''redeemable security'' as a security that, upon its presentation to the issuer, entitles the holder to receive approximately his or her proportionate share of the issuer's current net assets, or the cash equivalent of those assets. Because the imposition of deferred sales charge may cause a redeeming unitholder to receive an amount less than the net asset value of the redeemed Units, applicants seek an exemption from section 2(a)(32) so that Units subject to a deferred sales charge are considered redeemable securities for purposes of the Act.[2]

3. Section 2(a)(35) defines the term ''sales load'' to be the difference between the sales price and the proceeds to the issuer, less any expenses not properly chargeable to sales or promotional expenses. Because a deferred sales charge is not charged at the time of purchase, an exemption from section 2(a)(35) is necessary.

4. Rule 22c–1 requires that the price of a redeemable security issued by an investment company for purposes of sale, redemption, and repurchase be based on the investment company's current net asset value. Because the imposition of a deferred sales charge may cause a redeeming unitholder to receive an amount less than the net asset value of the redeemed Units, applicants seek an exemption from this rule.

5. Section 22(d) requires an investment company and its principal underwriter and dealer to sell securities only at a current public offering price described in the investment company's prospectus. Because sales charges traditionally have been a component of the public offering price, section 22(d) historically required that all investors be charged the same load. Rule 22d–1 was adopted to permit the sale of redeemable securities ''at prices that reflect scheduled variations in, or elimination of, the sales load.'' Because rule 22d–1 does not extend to scheduled variations in deferred sales charges, applicants seek relief from section 22(d) to let them waive or reduce their deferred sales charge in certain instances.

6. Section 26(a)(2) in relevant part prohibits a trustee or custodian of a unit investment trust from collecting from the trust as an expense any payment to a depositor or principal underwriter thereof. Because of this prohibition, applicants need an exemption to let the trustee collect the deferred sales charge installments from distribution deductions or Trust assets.

7. Applicants believe that implementation of the deferred sales charge program in the manner described above would be fair and equitable and consistent with all provisions of the Act. Thus, granting the requested order would be appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

8. Section 11(c) prohibits any offers of exchange of the securities of a registered unit investment trust for the securities of any other investment company, unless the terms of the offer have been approved by the SEC. Applicants assert that the reduced sales charge imposed at the time of exchange is a reasonable and justifiable expense to be allocated for the professional assistance and operational expenses incurred in connection with the exchange.

Applicants' Conditions

Applicants agree that any relief granted will be subject to the following conditions:

1. Whenever the exchange option is to be terminated or its terms are to be amended materially, any holder of a security subject to that privilege will be given prominent notice of the impending termination or amendment at least 60 days prior to the date of termination or the effective date of the amendment, provided: (a) No such notice need be given if the only material effect of an amendment is to reduce or eliminate the sales charge payable at the time of an exchange, to add one or more new Series eligible for the exchange option, or to delete a Series that has terminated; and (b) no notice need be given if, under extraordinary circumstances, either (i) there is a suspension of the redemption of units of the Trust under section 22(e) and the rules and regulations promulgated thereunder, or (ii) a Trust temporarily delays or ceases the sale of its Units because it is unable to invest amounts effectively in accordance with applicable investment objectives, policies, and restrictions.

2. An investor who purchases Units under the exchange option will pay a lower aggregate sales charge than that that would be paid for the Units by a new investor.

3. The prospectus of each Trust offering exchanges and any sales literature or advertising that mentions the existence of the exchange option will disclose that the exchange option is subject to modification, termination, or suspension, without notice except in certain limited cases.

4. Each Series offering Units subject to a deferred sales charge will include in its prospectus the table required by item 2 of Form N–1A (modified as appropriate to reflect the differences between unit investment trusts and open-end management investment companies) and a schedule setting forth the number and date of each installment payment.

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

Margaret H. McFarland,

Deputy Secretary.

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[2] Without an exemption, a Trust selling Units subject to a deferred sales charge could not meet the definition of a unit investment trust under section 4(2) of the Act. Section 4(2) defines a unit investment trust as an investment company that issues only ''redeemable securities.''

DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Reports, Forms, and Recordkeeping Requirements

AGENCY: Department of Transportation (DOT), Office of the Secretary.

ACTION: Notice.

SUMMARY: This notice lists those forms, reports, and recordkeeping requirements imposed upon the public which were transmitted by the Department of Transportation to the Office of Management and Budget (OMB) for its approval in accordance with the requirements of the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35).

DATES: April 14, 1995.

ADDRESSES: Written comments on the DOT information collection requests should be forwarded, as quickly as possible, to Edward Clarke, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, DC 20503. If you anticipate submitting substantive comments, but find that more than 10 days from the date of publication are needed to prepare them, please notify the OMB official of your intent immediately.

FOR FURTHER INFORMATION CONTACT: Copies of the DOT information collection requests submitted to OMB may be obtained from Susan Pickrel or Annette Wilson, IRM Strategies Division, M–32, Office of the Secretary of Transportation, 400 Seventh Street, SW., Washington, DC 20590, (202) 366–4735.

SUPPLEMENTARY INFORMATION: Section 3507 of Title 44 of the United States Code, as adopted by the Paperwork Reduction Act of 1980, requires that agencies prepare a notice for publication in the **Federal Register**, listing those information collection requests submitted to OMB for approval or renewal under that Act. OMB reviews and approves agency submissions in accordance with criteria set forth in that Act. In carrying out its responsibilities, OMB also considers public comments on the proposed forms and the reporting and recordkeeping requirements. OMB approval of an information collection requirement must be renewed at least once every three years.

Items Submitted to OMB for Review

The following information collection requests were submitted to OMB on April 14, 1995:

DOT No: 4048.
OMB No: 2125–0030.
Administration: Federal Highway Administration.
Title: Outdoor Advertising and Junkyard Report.
Need for Information: Title 23 USC 131 and 136 prescribe the requirements for controlling the erection and maintenance of outdoor advertising signs, displays, and devices and the maintenance of junkyards in areas adjacent to the Interstate System and the primary system.
Proposed Use of Information: The information will be used to administer and monitor the control of outdoor advertising and junkyards as implemented by State highway agencies.
Frequency: Annually.
Burden Estimate: 6,526 hours.
Respondents: State highway agencies.
Form(s): FHWA 1424.
Average Burden Hours Per Response: 30 minutes reporting.

DOT No: 4049.
OMB No: 2138–0041.
Administration: Research and Special Programs Administration.
Title: Airline Service Quality Reporting.
Need for Information: Title 14 CFR Part 234 prescribes the requirements for airline service quality performance reports.
Proposed Use of Information: The information will be used to produce reports for the travelling public. DOT issues a monthly report providing consumers with the on-time flight performance and the rate of mishandled baggage reports for the reporting air carriers. The FAA will use the data base for air traffic control modeling.
Frequency: Monthly.
Burden Estimate: 1,440 hours.
Respondents: Large schedule passenger air carriers.
Form(s): None.
Average Burden Hours Per Response: 12 hours reporting.

DOT No: 4050.
OMB No: 2115–New.
Administration: U.S. Coast Guard.
Title: Boating Statistics Questionnaire.
Need for Information: Under the mandate of the National Performance Review and Executive Order 12802, Coast Guard is conducting this survey to determine its customer information needs and to measure the customer's satisfaction with the annual published report on recreational boating accidents.
Proposed Use of Information: The data collected from this survey will be used to improve the quality and customer satisfaction with information contained in this report.
Frequency: Annually.
Burden Estimate: 320 hours.
Respondents: Recreational boaters.
Form(s): CG–5599.
Average Burden Hours Per Response: 15 minutes reporting.

DOT No: 4051.
OMB No: 2115–0141.
Administration: U.S. Coast Guard.
Title: Reporting and Recordkeeping Requirements for Firefighting and Lifesaving Equipment, Marine Sanitation Devices, and Structural Fire Protection Material.
Need for Information: Title 46 CFR Ch. I, Parts 159–164 and 33 CFR Ch. I prescribe the technical standards for Coast Guard approval on specific types of lifesaving and safety equipment before this equipment can be installed on vessels. Manufacturers of such equipment are required to submit drawings, specifications, and laboratory test reports.
Proposed Use of Information: Technical data submitted to the Coast Guard by manufacturers of lifesaving and safety equipment will be reviewed to determine that equipment is in compliance with applicable regulations. The information submitted by laboratories will be used to determine technical qualifications and independence.
Frequency: On occasion, one time.
Burden Estimate: 7,140 hours.
Respondents: Manufacturers of safety equipment, testing laboratories.
Form(s): None.
Average Burden Hours Per Response: manufacturers: 2 hours reporting; 100 hours recordkeeping; laboratories: 4 hours reporting.

Issued in Washington, DC, on April 14, 1995.

Paula R. Ewen,
Manager, IRM Strategies Division.

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Federal Aviation Administration

[AC No. 1–1]

Advisory Circular on Government-Owned Aircraft

AGENCY: Federal Aviation Administration, DOT.

ACTION: Advisory Circular.

SUMMARY: Advisory Circular (AC) 1–1, Government Owned Aircraft provides guidance on whether particular government-owned aircraft operations are public aircraft operations or civil aircraft operations under the new statutory definition of ''public aircraft.'' This Advisory Circular contains the