

as a proposed report on plant-specific application of Safety Goals.

Friday, November 8, 1996

8:30 a.m.–8:35 a.m.: Opening Remarks by the ACRS Chairman

(Open)—The ACRS Chairman will make opening remarks regarding conduct of the meeting.

8:35 a.m.–9:00 a.m.: Future ACRS Activities

(Open)—The Committee will discuss recommendations of the Planning and Procedures Subcommittee regarding items proposed for consideration by the full Committee during future meetings.

9:00 a.m.–9:15 a.m.: Reconciliation of ACRS Comments and Recommendations

(Open)—The Committee will discuss responses from the NRC Executive Director for Operations (EDO) to comments and recommendations included in recent ACRS reports. The EDO responses are expected to be provided in writing to the ACRS prior to the meeting.

9:15 a.m.–9:45 a.m.: Report of the Planning and Procedures Subcommittee

(Open/Closed)—The Committee will hear a report of the Planning and Procedures Subcommittee on matters related to the conduct of ACRS business, and organizational and personnel matters relating to ACRS.

A portion of this session may be closed to discuss organizational and personnel matters that relate solely to the internal personnel rules and practices of this Advisory Committee, and matters the release of which would constitute a clearly unwarranted invasion of personal privacy.

10:00 a.m.–11:00 a.m.: Nitrogen Bubble in the Reactor Coolant System at the Haddam Neck Nuclear Power Plant

(Open)—The Committee will hear presentations by and hold discussions with representatives of the NRC staff regarding the findings and recommendations of the Augmented Inspection Team which investigated the August 28, 1996 event at the Haddam Neck Nuclear Power Plant that involved creation of a nitrogen bubble in the reactor coolant system.

Representatives of the licensee will participate, as appropriate.

11:00 a.m.–12:30 p.m.: Annual ACRS Report to Congress

(Open)—The Committee will discuss the format and content of the annual ACRS report to Congress on the NRC Safety Research Program.

1:30 p.m.–7:00 p.m.: Preparation of ACRS Reports

(Open)—The Committee will continue its discussion of the proposed ACRS reports on matters considered during this meeting as well as a proposed report on plant-specific application of Safety Goals.

Saturday, November 9, 1996

8:30 a.m.–12:30 p.m.: Preparation of ACRS Reports

(Open)—The Committee will continue discussion of proposed ACRS reports on matters considered during this meeting as well as a proposed report on plant-specific application of Safety Goals.

12:30 p.m.–1:30 p.m.: Strategic Planning

(Open)—The Committee will continue its discussion of items of significant importance to NRC, including rebaselining of the Committee activities for FY 97.

Procedures for the conduct of and participation in ACRS meetings were published in the Federal Register on October 1, 1996 (61 FR 51310). In accordance with these procedures, oral or written statements may be presented by members of the public, electronic recordings will be permitted only during the open portions of the meeting, and questions may be asked only by members of the Committee, its consultants, and staff. Persons desiring to make oral statements should notify Mr. Sam Duraiswamy, Chief, Nuclear Reactors Branch, at least five days before the meeting, if possible, so that appropriate arrangements can be made to allow the necessary time during the meeting for such statements. Use of still, motion picture, and television cameras during this meeting may be limited to selected portions of the meeting as determined by the Chairman.

Information regarding the time to be set aside for this purpose may be obtained by contacting the Chief of the Nuclear Reactors Branch prior to the meeting. In view of the possibility that the schedule for ACRS meetings may be adjusted by the Chairman as necessary to facilitate the conduct of the meeting, persons planning to attend should check with the Chief of the Nuclear Reactors Branch if such rescheduling would result in major inconvenience.

In accordance with Subsection 10(d) P.L. 92–463, I have determined that it is necessary to close portions of this meeting noted above to discuss matters that relate solely to the internal personnel rules and practices of this Advisory Committee per 5 U.S.C. 552b(c)(2), and to discuss matters the release of which would constitute a

clearly unwarranted invasion of personal privacy per 5 U.S.C. 552b(c)(6).

Further information regarding topics to be discussed, whether the meeting has been cancelled or rescheduled, the Chairman's ruling on requests for the opportunity to present oral statements and the time allotted therefor can be obtained by contacting Mr. Sam Duraiswamy, Chief, Nuclear Reactors Branch (telephone 301/415–7364), between 7:30 a.m. and 4:15 p.m. EDT.

ACRS meeting notices, meeting transcripts, and letter reports are now available on FedWorld from the "NRC MAIN MENU." Direct Dial Access number to FedWorld is (800) 303–9672 or ftp.fedworld. These documents and the meeting agenda are also available for downloading or reviewing on the internet at <http://www.nrc.gov/ACRSACNW>.

Dated: October 22, 1996.

Andrew L. Bates,

Advisory Committee Management Officer.

[FR Doc. 96–27413 Filed 10–24–96; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22291; 812–10218]

First Trust Special Situations Trust and Nike Securities L.P.; Notice of Application

October 21, 1996.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: First Trust Special Situations Trust and Nike Securities L.P.

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 12(d)(1)(F)(ii) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit series of the Trust (each a "Series" or "Trust Series"), to offer units to the public with a sales load that exceeds the 1.5% sales load limitation of section 12(d)(1)(F)(ii) of the Act.

FILING DATE: The application was filed on June 24, 1996 and amended on September 5, 1996.

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 November 15, 1996, 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 SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 1001 Warrenville Road, Lisle, Illinois 60532.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at (202) 942-0573, or Alison E. Baur, 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 SEC's Public Reference Branch.

Applicants' Representations

1. The Trust is a registered unit investment trust. Each Trust Series also will be a unit investment trust, and will be similar but separate and designated by a different Series number. Applicants request relief of behalf of the Trust and certain subsequent Trust Series. Nike Securities L.P. is the sponsor for each Trust Series (the "Sponsor"). Each Series will be created under state law pursuant to a trust agreement which will contain information specific to that Series and which will incorporate by reference a master trust agreement between the Sponsor and a financial institution that satisfies the criteria in section 26(a) of the Act (the "Trustee"). The trust agreement and the master trust agreement are referred to collectively as the "Trust Agreement."

2. Each Series will contain a portfolio of shares of investment companies or series thereof (the "Funds") that are not affiliated with any of the applicants. Each Series may invest either in only one type of investment company or in a combination of the various types of investment companies. The shares of the underlying Funds will be deposited in each Trust Series at net asset value, or if the Fund shares are listed on a national securities exchange or traded on the Nasdaq National Market System ("Nasdaq-NMS"), at "market value." Market value will be determined by an evaluator, and generally will be based on the closing sale prices of the

securities or, if unavailable, the closing asking prices of the securities.

3. Each underlying Fund may be registered as an open-end investment company, a closed-end investment company, or a unit investment trust. In addition, an underlying Fund may be an "Exchange Fund." An exchange Fund may be registered as an open-end investment company or a unit investment trust, but it has received exemptive relief to sell its shares at "negotiated prices" on an exchange in the same manner as other equity securities.¹

4. Simultaneously with the deposit of Fund shares into a Trust Series, the Trustee will deliver to the Sponsor registered certificates for units ("Units") that represent ownership of the Trust Series. During the initial public offering, the Units will be offered at prices based on the aggregate underlying value of the securities deposited in a Trust Series, plus a sales charge. The sales charge (either a front end, deferred sales load,² or a combination thereof) shall not, when aggregated with any sales charge or service fees paid by the Trust Series with respect to securities of the underlying Funds, exceed the limits set forth in Rule 2830(d) of the NASD's Conduct Rules. Applicants state that the Trust Series may incur customary brokerage commissions associated with purchasing securities on the secondary market. No Trust Series will invest in an underlying Fund with a rule 12b-1 plan unless the Fund's rule 12b-1 fees do not exceed a maximum annual rate of .25% of the respective Fund's average daily net assets.

Applicant's Legal Analysis

1. Section 12(d)(1)(A) of the Act provides that no registered investment company may acquire securities issued by another investment company if such securities represent more than 3% of the total outstanding voting stock of the acquired company, more than 5% of the value of the total assets of the acquiring company, or if securities issued by the acquired company and all other investment companies have an aggregate value in excess of 10% of the value of the total assets of the acquiring company.

¹ See, e.g., Foreign Fund Inc., Investment Company Act Release Nos. 21737 (Feb. 6, 1996) (notice) and 21803 (Mar. 5, 1996) (order); and SPDR Trust, Investment Company Act Release Nos. 18959 (Sept. 17, 1992) (notice) and 19055 (Oct. 26, 1992) (order).

² The Trust received exemptive relief to assess a deferred sales load. See *Nike Securities L.P., et al.*, Investment Company Act Release Nos. 21008 (Apr. 14, 1995) (notice) and 21059 (May 10, 1995) (order).

2. Section 12(d)(1)(F) provides that section 12(d)(1) shall not apply to securities purchased or otherwise acquired by a registered investment company if immediately after the purchase or acquisition not more than 3% of the total outstanding stock of the acquired company is owned by the acquiring company and the acquiring company does not offer or sell any security issued by it which includes a sales load of more than 1.5%. In addition, no issuer of any security purchased or acquired by the acquiring company shall be obligated to redeem such security in an amount exceeding 1% of such issuer's total outstanding securities during any period of less than 30 days. Applicants request relief under section 6(c) of the Act from the 1.5% sales load limitation of section 12(d)(1)(F)(ii) so that a Trust Series can offer Units subject to a sales load of greater than 1.5% of the public offering price.

3. Section 6(c) provides that the SEC may exempt any person or transaction from any provision of the Act if 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. Applicants believe that the requested order satisfies this standard.

4. Applicants argue that section 12(d)(1) is intended to mitigate or eliminate abuses that might arise when one investment company acquires shares of another investment company. These abuses include: (a) the layering of sales charges, advisory fees, and administrative costs; (b) the imposition of undue influence by the acquiring fund over the acquired funds through the threat of large scale redemptions; (c) the acquisition by the acquiring fund of voting control of the acquired company; and (d) the creation of a complex pyramidal structure that may be confusing to investors. Applicants do not believe that these abuses are present in their proposed trust of funds structure.

5. Applicants state that the structure of the Trust Series will not result in excessive fees. Each Trust Series, as a unit investment trust, has an unmanaged portfolio and, therefore, does not assess advisory fees. Unitholders would bear their portion of advisory fees changed by the underlying Funds for services rendered by each Fund's respective investment adviser. Applicants contend that there will be no overlapping of sales charges or distribution fees. While each Trust Series will charge a sales load, the Sponsor will deposit the Fund shares in

the Trust Series at net asset value, or if shares of the Funds are traded on an exchange or Nasdaq-NMS, at their market value. In addition, each Trust Series, as a unit investment trust, does not charge a rule 12b-1 fee, and no Trust Series would invest in a Fund with a rule 12b-1 plan unless the Fund limits its rule 12b-1 fee to a maximum annual rate of .25% of the Fund's average daily net assets. Applicants also have agreed as a condition to relief that any sales charge assessed with respect to the Units of a Trust Series, when aggregated with any sales charges and service fees paid by the Trust Series with respect to securities of the underlying Funds, shall not exceed the limits set forth in Rules 2830(d) of the Conduct Rules of the NASD. As a result, the aggregate sales charges will not exceed the limit that otherwise lawfully could be charged at any single level.

6. Administrative fees may be charged at both the Trust Series and underlying Fund levels. However, applicants believe that certain Trust expenses may be reduced under the proposed arrangement. When the Trust Series invest in shares of open-end investment companies, applicants anticipate that the evaluator would charge a lower fee, if any at all. A Trust Series may incur a customary brokerage commission in connection with Fund shares purchased on an exchange or Nasdaq-NMS, but applicants represent that the Sponsor will purchase the Fund shares in the secondary market, thereby avoiding the payment of any underwriting spreads common during an initial offering.

7. Applicants argue that the concerns of large-scale redemptions is not applicable with regard to underlying closed-end Funds because they do not issue redeemable securities. For redeemable securities, section 12(d)(1)(F) provides that an underlying Fund will not be obligated to redeem its securities in an amount exceeding 1% of the issuer's total outstanding securities during any period of less than 30 days, and applicants will comply with this provision. Applicants also believe that the unmanaged nature of the Trust limits large scale redemptions because each Trust Series is limited as to when it may sell portfolio securities.

8. Applicants believe that the concern of pyramiding of voting control by a Trust Series over the underlying Funds does not arise in its proposal because section 12(d)(1)(F) requires the Trust Series to exercise the voting rights with respect to any securities acquired in the manner prescribed by section 12(d)(1)(E). Section 12(d)(1)(E) requires the acquiring investment company either to seek instructions from its

security holders with regard to the voting of all proxies with respect to such security and to vote such proxies only in accordance with such instructions, or to vote the shares held by it in the same proportion as the vote of all other holders of the security.

9. Applicants believe that the concern about undue complexity in its arrangement is addressed by its condition that each Trust Series will not invest in an underlying Fund that, at the time of acquisition, owns securities of any other investment company in excess of the limits in section 12(d)(1)(A). If subsequent to a Trust Series' acquisition of Fund shares, the Fund acquires securities of other investment companies in excess of section 12(d)(1)'s limits, the Trust Series will not be required to divest itself of its holdings. Applicants argue that because the underlying Funds are not affiliated with the Trust, a Trust Series cannot bind or control the Funds.

10. Applicants also believe that the proposed trust of funds structure will be adequately disclosed and explained to investors in each Series' prospectus. Applicants represent that they will disclose all loads, fees, expenses, and charges incurred with an investment in the respective Trust Series in the prospectus. The prospectus also will include disclosure that investors will pay indirectly a portion of the expenses of the underlying Funds. In addition, each Series will include the table required by item 2 of Form N-1A (modified as appropriate to reflect the differences between unit investment trusts and open-end investment companies) to set forth the Series' operating expenses and Unitholders' transaction costs.

11. Applicants believe that it is appropriate to apply the NASD's rules to the proposed arrangement instead of the sales load limitation in section 12(d)(1)(F)(ii). Applicants argue that the NASD's specific sales charge rules, which were recently amended to limit asset-based sales charges and service fees, more accurately reflect the current methods used by funds to finance sales expenses, while section 12(d)(1)(F), adopted more than 25 years ago, does not reflect the changes in the industry's pricing practices.

12. Applicants believe that, given the number and variety of funds now available for investment, a Trust Series provides a simple means through which investors can obtain a professionally selected and maintained mix of investment company shares for a relatively small initial investment. Applicants also believe that the Trust Series provides investors an opportunity

to participate in a diversified portfolio of investment company shares in one package and at one sales load.

Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. Each Trust Series will comply with section 12(d)(1)(F) in all respects except for the sales load limitation of section 12(d)(1)(F)(ii).

2. Any sales charges or service fees charged with respect to Units of a Trust Series, when aggregated with any sales charges or service fees paid by the Trust Series with respect to securities of the underlying Funds, shall not exceed the limits set forth in Rule 2830(d) of the NASD's Conduct Rules.

3. No Trust Series will acquire securities of an underlying Fund which, at the time of acquisition, owns securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-27433 Filed 10-24-96; 8:45 am]

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[Rel. No. IC-22292; 811-2712]

John Hancock Tax-Exempt Income Fund; Notice of Application

October 21, 1996.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "Act").

APPLICANT: John Hancock Tax-Exempt Income Fund.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant requests an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on July 9, 1996 and amended on October 1, 1996.

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 November 15, 1996, and should be accompanied by proof of service on