

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22840; 812-10550]

**Reich & Tang Distributors L.P., et al.,
Notice of Application**

October 3, 1997.

AGENCY: Securities and Exchange Commission ("SEC").**ACTION:** Notice of application under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 2(a)(32), 2(a)(35), 22(d), and 26(a)(2) of the Act and rule 22c-1 under the Act.**SUMMARY OF APPLICATION:** Applicants request an order to permit certain unit investment trusts to impose sales charges on a deferred basis and waive the deferred sales charge in certain cases.**APPLICANTS:** Reich & Tang Distributors L.P. (the "Sponsor"), Equity Securities Trust, Mortgage Securities Trust, Municipal Securities Trust, New York Municipal Trust, A Corporate Trust, Schwab Trusts, any future unit investment trust sponsored or co-sponsored by the Sponsor or an entity controlled by or under common control with the Sponsor (collectively, the "Trusts"), and any future series of the Trusts.**FILING DATE:** The application was filed on March 7, 1997, and amended on April 26, 1997, and September 30, 1997.**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 October 28, 1997, 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 request, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.**ADDRESSES:** Secretary, SEC, 450 Fifth Street N.W., Washington, D.C. 20549. Applicants, c/o Reich & Tang Distributors L.P., 600 Fifth Avenue, New York, New York 10022, Attention: Peter J. DeMarco.**FOR FURTHER INFORMATION CONTACT:** Lawrence W. Pisto, Senior Attorney, at (202) 942-0527 or Mercer E. Bullard, 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, 450 Fifth Street N.W., Washington, D.C. 20549, tel. 202-942-8090.**Applicants' Representations**

1. Each of the Trusts is a unit investment trust consisting of one or more series ("Series") registered under the Act and sponsored, co-sponsored or to be sponsored by the Sponsor. Each Series is created by a trust indenture among the Sponsor, a banking institution or trust company as a trustee, and, as the case may be, an evaluator. The Sponsor acquires a portfolio of securities which it deposits with the trustee in exchange for certificates representing units of fractional undivided interest in the portfolio ("Units"). The Units are offered to the public by the Sponsor, underwriters, and dealers at a public offering price which, during the initial offering period, is based upon the aggregate market value of the underlying securities plus a front-end sales charge. The sales charge currently ranges from 2.95% to 5.5% of the public offering price, generally depending on the terms of the underlying securities. The maximum charge is usually subject to reduction in compliance with rule 22d-1 under the Act under certain stated circumstances disclosed in the prospectus, such as for volume purchases.

2. Applicants request an order to the extent necessary to permit them to impose a deferred sales charge ("DSC") instead of a front-end sales charge, and waive the DSC under certain circumstances. Under applicants' proposal, a portion of the DSC will be collected "up-front," *i.e.*, immediately upon purchase of Units, and the balance will be collected subsequently in equal installments ("Installment Payments").¹ In order to ensure that sufficient cash is available to make Installment Payments, the Trust may hold securities the proceeds from the maturity or sale of which may be used to make the Payments. Installment Payments will be collected from unitholders by withholding the Payment amount from unitholders' distributions on the Units, from proceeds of Unit redemptions or sales by the unitholder, or by reducing

the number of Units held by the unitholder. The Installment Payments will be passed by the trustee to the Sponsor at the time they are collected. The trustee may advance an Installment Payment if, for example, it is due immediately before a dividend or interest payment is due on portfolio securities. The trustee will be reimbursed when the Installment Payment is collected from the unitholder.

3. When a unitholder redeems or sells Units, the balance of the unitholder's Installment Payments on the redeemed Units will be deducted from the proceeds of the redemption or sale. When calculating the amount due, it will be assumed that Units on which the DSC has been paid in full are redeemed first. With respect to Units on which the DSC has not been fully paid, the DSC will be applied on the assumption that Units held for the longest time are redeemed or sold first. Under certain circumstances, the sponsor may waive the DSC in connection with redemptions or sales of Units. These circumstances will be disclosed in the prospectus for the relevant Series and implemented in accordance with rule 22d-1, under the Act.

4. Each Series offering Units subject to a DSC will include in its prospectus the disclosure required in Form N-1A relating to deferred sales charges, modified as appropriate to reflect the differences between unit investment trusts and open-end investment companies. The prospectus also will disclose any security that may be included in the portfolio for purposes of paying the DSC from the maturity or sale proceeds, and that the securities will be sold *pro rata* or that a specific security will be designated for sale.

Applicants' Legal Analysis

1. Section 4(2) of the Act defines a "unit investment trust" as an investment company which "issues only redeemable securities." Section 2(a)(32) defines a *redeemable security* as a security that, upon its presentation to the issuer, entitles the unitholder to receive approximately his or her proportionate share of the issuer's current net assets, or the cash equivalent of those assets. Rule 22c-1, promulgated under section 22(c) of the Act, requires that the price of a redeemable security issued by a registered investment company for purposes of sale, redemption, and repurchase be based on the security's current net asset value. To the extent that an Installment Payment may be deemed to cause unitholders to receive less than net asset value upon

¹ For example, assuming a one-year Trust with a \$1,000 price for 100 Units and a 2.95% DSC, the Sponsor would collect \$10.00 (1.00%) up-front, and the remaining balance of \$19.50 (1.95%) in 10 equal monthly payments of \$1.95.

redemption, applicants request relief from section 2(a)(32) and rule 22c-1.

2. Section 22(d) and rule 22d-1 require 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, with the exception of sales of redeemable securities at prices which reflect scheduled variations in the "sales load." Section 2(a)(35) defines the term *sales load* as the difference between the sales price and the portion of the proceeds invested by the depositor or trustee. Applicants request relief from sections 2(a)(35) and 22(d) to the extent that the DSC may be paid in installments rather than upon purchase.

3. Applicants believe that the provisions of section 22(d), rule 22d-1 and section 2(a)(35), taken together, are intended to prevent (1) riskless trading in investment company securities due to backward pricing, (2) disruption of orderly distribution by dealers selling shares at a discount, and (3) discrimination among investors resulting from different prices charged to different investors. Applicants believe the proposed DSC program will present none of these abuses. Applicants contend that the deduction of the Installment Payments is consistent with the policy of forward pricing. Applicants also contend that the amount, computation and timing of the DSC will promote fair treatment of all unitholders, while permitting the Trusts to offer unitholders the advantage of having a larger portion of their purchase amount invested immediately. Applicants further note that the DSC program will be disclosed in the prospectus of each Series and available on the same terms to all investors. Finally, applicants state that any waiver of the DSC will be disclosed in the prospectus of each Series and implemented in accordance with rule 22d-1.

4. 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 the trust's depositor or principal underwriter. Because the trustee's payment of the DSC to the Sponsor may be deemed to be an expense under section 26(a)(2)(C), applicants request relief from that section to the extent necessary to permit the trustee to collect DSC payments and disburse them to the Sponsor. Applicants believe that the relief is appropriate because the DSC is more properly characterized as a sales load than as an "expense."

5. Section 6(c) authorizes the SEC to exempt any person or transaction from

any provision of the Act or any rule under the Act to the extent that the 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 their proposal meets this standard.

Applicants' Conditions

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

1. Any DSC imposed on Units issued by a Series will comply with the requirements of rule 6c-10(a) (1) through (3) under the Act.

2. Each Series offering Units subject to a DSC will include in its prospectus the disclosure required in Form N-1A relating to deferred sales charges, modified as appropriate to reflect the differences between unit investment trusts and open-end investment companies.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-26904 Filed 10-9-97; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22839; 812-10672]

TCW International Equity Limited Partnership, et al.; Notice of Application

October 3, 1997.

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

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

SUMMARY OF APPLICATION: Applicants request an order to permit certain limited partnerships to transfer all of their assets to corresponding series of a registered investment company in exchange for the series' shares, which then will be distributed *pro rata* to partners of the partnerships.

APPLICANTS: TCW International Equity Limited Partnership, TCW Japan Limited Partnership, TCW Value Opportunities Fund (collectively, the "Partnerships"), TCW Galileo Funds, Inc. (the "Company"), TCW Asset Management Company ("TAMCO"), and TCW Funds Management, Inc. (the "Adviser").

FILING DATES: The application was filed on May 16, 1997, and amendments to the application were filed on August 15, 1997, and October 2, 1997.

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 October 28, 1997, 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 5th Street, N.W., Washington, DC 20549. Applicants, 865 South Figueroa Street, Suite 1800, Los Angeles, California 90017.

FOR FURTHER INFORMATION CONTACT: Brian T. Hourihan, Senior Counsel, at (202) 942-0526, or Mary Kay Frech, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

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, 450 Fifth Street, N.W., Washington D.C. 20549 (tel. (202) 942-8090).

Applicants' Representations

1. TCW International Equity Limited Partnership was organized as a California limited partnership on August 19, 1993; TCW Japan Limited Partnership was organized as a Delaware limited partnership on May 2, 1995; and TCW Value Opportunities Fund was organized as a California limited partnership on May 16, 1996. The Partnerships permit investors to purchase and redeem Partnership interests ("Units") at net asset value on a monthly basis. The Partnerships are not registered under the Act in reliance on section 3(c)(1) of the Act. The offerings of the Units were structured as private placements under section 4(2) of the Securities Act of 1933 (the "Securities Act"), and Regulation D promulgated under the Securities Act. Units are sold to institutional investors and high net worth individuals.

2. TAMCO, a wholly owned subsidiary of the TCW Group, Inc., serves as the sole general partner of the