

Corporation); (2) the merger of TUC Merger Corporation with and into TUC with TUC being the surviving corporation; and (3) the merger of Enserch Merger Corporation with and into ENSERCH with ENSERCH being the surviving company. Upon the consummation of these transactions, TUC and ENSERCH will both become wholly owned subsidiaries of TUC Holding Company, which will change its name to Texas Utilities Company. TUEC would continue to remain the sole owner and operator of CPSES, Units 1 and 2. Upon consummation of the restructuring, current stockholders of TUC would become stockholders of the new TUC and would hold approximately 94 percent of the issued and outstanding shares of common stock of the new TUC. In addition, current stockholders of ENSERCH would also become stockholders of the new TUC and would hold the remaining 6 percent of the common stock of the new TUC. TUEC requested, to the extent necessary, the Commission's approval of the corporate restructuring, pursuant to 10 CFR 50.80. Notice of this application for approval was published in the Federal Register on November 13, 1996 (61 FR 58256), and an Environmental Assessment and Finding of No Significant Impact was published in the Federal Register on November 19, 1996 (61 FR 58897).

Under 10 CFR 50.80(a), no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information submitted in the letter of September 20, 1996, and other information before the Commission, the NRC staff has determined that the restructuring of TUC will not affect the qualifications of TUEC as holder of the licenses, and that the transfer of control of the licenses for CPSES, to the extent effected by the restructuring of TUC, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth herein. These findings are supported by a Safety Evaluation dated November 29, 1996.

III

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC §§ 2201(b), 2201(i), 2201(o) and 2234, and 10 CFR 50.80, it is hereby ordered that the Commission approves the application regarding the restructuring of TUC subject to the following: (1) TUEC shall provide the Director of the Office of Nuclear Reactor

Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from TUEC to its direct or indirect parent company or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding 10 percent (10%) of TUEC's consolidated net utility plant, as recorded on TUEC's books of account; and (2) should the restructuring of TUC not be completed by December 31, 1997, this Order shall become null and void, provided, however, on application and for good cause shown, such date may be extended.

IV

By January 8, 1997, any person adversely affected by this Order may file a request for a hearing with respect to issuance of the Order. Any person requesting a hearing shall set forth with particularity how that interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

If a hearing is to be held, the Commission will issue an order designating the time and place of such hearing.

The issue to be considered at any such hearing shall be whether this Order should be sustained.

Any request for a hearing must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Docketing and Services Branch, or may be delivered to 11555 Rockville Pike, Rockville, Maryland between 7:45 am and 4:15 pm Federal workdays, by the above date. Copies should be also sent to the Office of the General Counsel, and to the Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555, and to George L. Edgar, Esquire, Morgan, Lewis & Bockius, 1800 M Street, N.W., Washington, DC 20036-5869, attorney for TUEC.

For further details with respect to this Order, see the application for approval of the corporate restructuring dated September 20, 1996, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, N.W., Washington, DC, and at the local public document room located at the University of Texas at Arlington Library, Government Publications/Maps, 702 College, P.O. Box 19497, Arlington, TX 76019.

Dated at Rockville, Maryland, this 29th day of November 1996.

For the Nuclear Regulatory Commission.
Frank J. Miraglia,
Acting Director, Office of Nuclear Reactor Regulation.

[FR Doc. 96-31222 Filed 12-6-96; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-22363; 812-10066]

OCC Distributors, et al.; Notice of Application

December 2, 1996.

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

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

APPLICANTS: OCC Distributors (the "Sponsor") and Qualified Unit Investment Trust Liquid Series ("QUILTS"), Equity Strategic Ten Series; QUILTS, Equity Strategic Five Series; QUILTS, Opportunity Trust Series; QUILTS, U.S. Treasury Trust Series; QUILTS, Corporate Trust Series; and QUILTS, Municipal Insured Series (the "Trusts").

RELEVANT ACT SECTIONS: Order requested pursuant to section 6(c) for exemptions from sections 2(a)(32), 2(a)(35), 22(d), and 26(a)(2) of the Act and rule 22c-1 thereunder, and pursuant to section 11(a) to supersede a prior order (the "Prior Order")¹ for an exemption from section 11(c).

SUMMARY OF APPLICATION: Applicants seek to impose sales charges on a deferred basis, waive the deferred sales charge in certain cases, and offer exchange and rollover privileges at a reduced sales charge that would extend to units having deferred sales charges.

FILING DATE: The application was filed on March 28, 1996 and amended on July 16, 1996. Applicants have agreed to file an additional amendment, the substance of which is incorporated herein, during the notice period.

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 December 27, 1996 and should be accompanied by proof of service on

¹ *Quest for Value Distributors*, Investment Company Act Release Nos. 21079 (May 17, 1995) (notice) and 21133 (June 13, 1995)

applicants, in the form of an affidavit or, for layers, 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, OCC Distributors, Two World Financial Center, 225 Liberty Street, New York, New York 10080-6116, Attention: Susan A. Murphy.

FOR FURTHER INFORMATION CONTACT: David W. Grim, Staff Attorney, at (202) 942-0571, 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.

Applicants' Representations

1. Each of the Trusts is a unit investment trust registered as an investment company under the Act and is sponsored by the Sponsor. Each of the trusts consists of one or more series of separate unit investment trusts issuing securities registered under the Securities Act of 1933 ("Series"). Applicants request that the relief sought herein apply to any future trusts sponsored by the Sponsor, and any future series of such trusts.

2. Each Series is created by a trust indenture among the Sponsor, a banking institution or trust company as trustee, and 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 deposited portfolio ("Units"). The Units are then offered to the public through the Sponsor, underwriters, and dealers at a public offering price which, during the initial offering period, is based upon the aggregate offering side evaluation of the underlying securities plus a 0.85% to 4.50% 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 certain stated circumstances disclosed in the prospectus, such as for a volume discount purchase.

3. Applicants seek an order under section 6(c) exempting them from sections 2(a)(32), 2(a)(35), 22(d), and 26(a)(2) of the Act, and rule 22c-1 thereunder, to the extent necessary to permit them to impose a deferred sales

charge ("DSC") on Units, and vary or waive the DSC under certain circumstances. Under applicants' proposal, the Sponsor will determine the maximum amount of the sales charge per Unit. The Sponsor will have the discretion to defer the collection of all or part of such sales charge over a period (the "Collection Period") subsequent to the settlement date for the purchase of Units. The Sponsor will in no event add to the deferred amount of the sales charge any additional amount for interest or any similar or related charge to reflect or adjust for the "time value of money," and the DSC will not apply to increases in the value per Unit after the date of purchase.

4. The Sponsor anticipates collecting a portion of the total sales charge "up-front," i.e., immediately upon purchase of Trust Units. The balance of the sales charge per Trust Unit as of the initial date of deposit will be collected over the Collection Period for the particular Series. A ratable portion of the sales charge remaining to be collected will be educated from each unitholder's distributions on the Units ("Distribution Deductions") during the Collection Period until the total amount of the sales charge per Unit is collected. To the extent that distribution income is sufficient to make the requisite Distribution Deductions, the trustee will withdraw the appropriate amount of the DSC from such distribution income and will pay such amount directly to the Sponsor. If distribution income is insufficient to pay a DSC installment, the trustee, pursuant to the powers granted in the trust indenture, will have the ability to sell portfolio securities in an amount necessary to provide the requisite payments.

5. It is the Sponsor's current intention to deduct any amount of unpaid DSC expense from the proceeds of any redemption of Units or any sale of Units to the Sponsor. For purposes of calculating the amount of the DSC due upon redemption or sale of Units, it will be assumed that Units on which the sales charge has been paid in full are liquidated first. Any Units liquidated over and above such amounts will be subject to the DSC, which will be applied on the assumption that Units held for the longest time are redeemed first.

6. The Sponsor may adopt a procedure of waiving the DSC in connection with redemptions or sales of Units under certain circumstances. Any such waiver will be disclosed in the prospectus for each Series subject to the waiver, and will be implemented in accordance with rule 22d-1.

7. Applicants also request an order under section 11(a) of the Act to supersede the Prior Order granting an exemption from section 11(c) of the Act. Applicants propose to offer an exchange privilege to unitholders of the Trusts at a reduced sales charge (the "Exchange Privilege"). Unitholders would be able to exchange any of their Units for Units of one or more available Series of the Trusts (an "Exchange Trust"). Applicants also propose to offer a rollover privilege to unitholders of the Trusts at a reduced sales charge (the "Rollover Privilege"). Unitholders would be able to "roll over" their Units in a Series which is terminating for Units of one or more new Series of the Trusts (a "Rollover Trust"). Applicants seek to supersede the Prior Order in order to create a Exchange Privilege and Rollover Privilege that would extend to all exchanges of Units sold either with a fixed sales charge or with a DSC for Units of an Exchange Trust or Rollover Trust sold either with a fixed sales charge or with a DSC.

8. To exercise the Exchange Privilege or Rollover Privilege, a unitholder must notify the Sponsor. Exercise of the Exchange Privilege or Rollover Privilege is subject to the following conditions: (a) the Sponsor must be maintaining a secondary market in Units of the Trust held by the unitholder and Units of the Trust to be acquired in the exchange, (b) at the time of the exchange, there must be Units of the Exchange Trust or Rollover Trust to be acquired available for sale, and (c) exchanges will be in whole units only.

9. While Units of an applicable Series are normally sold on the secondary market with maximum sales charges ranging from 0.85% to 4.50% of the public offering price, the sales charge on Units acquired pursuant to the Exchange Privilege or Rollover Privilege will generally be reduced. In any event, an investor who purchases units under the exchange or rollover option will pay a lower sales charge than that which would be paid by a new investor. An adjustment will be made if Units of any Series are exchanged within five months of their acquisition for Units of a Series with a higher sales charge. In this case, the exchange fee will be the greater of the applicable reduced sales charges previously collected and the normal sales charge of the Unit being acquired.

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. Applicants believe that their proposal meets these standards.

2. 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. Applicants state that to avoid uncertainty regarding whether the imposition of the DSC in the manner described in the application would cause Units of the Trust to fall outside the definition of "redeemable security," applicants request an exemption from the operation of section 2(a)(32) to the extent necessary to permit implementation of the DSC under the deferred sales charge program.

3. Section 2(a)(35) defines the term "sales load" to be the difference between the sales price and the portion of the proceeds invested by the depositor or trustee. Therefore, applicants submit that this arrangement is within the section 2(a)(35) definition of sales load, but for the timing of the imposition of the charge.

4. Rule 22c-1, promulgated pursuant to the SEC's authority under section 22(c) of the Act, requires that the price of a redeemable security issued by an investment company for purposes of sale, redemption, and repurchase be based on the security's current net asset value. Applicants note that the DSC would be deducted at the time of redemption of repurchase from the unitholder's proportionate liquidation proceeds. Applicants state that in order to avoid any possibility that questions might be raised as to the potential applicability of rule 22c-1, applicants request an exemption from the operation of the provisions of the rule to the extent necessary or appropriate to permit applicants to implement the DSC under the proposed deferred sales charge program.

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. Sales loads historically were deemed to be subject to the provisions of section 22(d) because they were traditionally a component of the public offering price; hence all investors were charged the same sales load. Rule 22d-1 was adopted to permit the sale of redeemable securities at prices which

reflect scheduled variations in the sales load. Applicants state that in the interest of clarity, applicants request an exemption from the provisions of section 22(d) in order to permit scheduled variations or waivers of the DSC under certain circumstances.

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. Applicants state that in order to avoid any possibility that questions may be raised as to the propriety of the trustee disbursing sales charges to the Sponsor, applicants request an exemption from section 26(a)(2)(C) to the extent necessary to permit the trustee to collect deductions and disburse them to the Sponsor as contemplated by the deferred sales charge program.

7. 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 under section 11(a). Applicants submit that certain savings in sales related expenses involving repeat investors may appropriately be passed along to such investors, which savings will be recognized by a reduction in the sales charge of the Unit exchanged into. Applicants believe that whether the sales charge on the Unit exchanged is collected up-front or on a deferred basis in no way affects the nature of these savings.

8. Applicants represent that unitholders will not be induced or encouraged to participate in the Exchange or Rollover Privilege through an active advertising or sales campaign. The Sponsor recognizes its responsibility to its customers against generating excessive commissions through churning and represents that the sales charge collected will not be a significant economic incentive to salesman to promote inappropriately the Exchange or Rollover Privilege. The Sponsor also believes that the operation and implementation of the DSC program will be adequately disclosed and explained to potential investors as well as unitholders.

Applicants' Conditions

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

1. Whenever the Exchange Privilege or Rollover Privilege is to be terminated or its terms are to be amended materially, any unitholder 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 that: (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 Privilege or Rollover Privilege, or to delete a Series which 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 an Exchange Trust or Rollover Trust under section 22(e) of the Act and the rules and regulations promulgated thereunder, or (ii) an Exchange Trust or Rollover 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 Privilege or Rollover Privilege will pay a lower sales charge than that which would be paid for the Units by a new investor. The reduced sales charge will be reasonably related to the expense of providing such service, and may include an amount that will fairly and adequately compensate the Sponsor.

3. The prospectus of each Series and any sales literature or advertising that mentions the existence of the Exchange Privilege or the Rollover Privilege will disclose that the Exchange Privilege and the Rollover Privilege are subject to termination and that their terms are subject to change.

4. Each Series offering Units subject to a DSC 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 Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of December 9, 1996.