the results of a statistically valid number of such simulations, Equitable was able to determine actuarially the level cost of providing the benefit. Based on this analysis, Equitable determined that the 0.35% charge was a reasonable charge for providing the guaranteed minimum death benefit under the Certificates. Equitable undertakes to maintain at its home office a memorandum, available to the Commission upon request, setting forth in detail the methodology used in making that determination.

15. Applicants represent that the aggregate mortality and expense risk and guaranteed minimum death benefit charges under the Certificates are reasonable in relation to the risks by Equitable under the Certificates, and reasonable in amount as determined by industry practice for comparable contracts. Applicants represent that they have reviewed publicly available information regarding the aggregate level of the mortality and expense risk and guaranteed minimum death benefit charges under comparable variable annuity contracts currently being offered in the insurance industry, taking into consideration such factors as current charge levels, the manner in which charges are imposed, the presence of charge level or annuity rate guarantees, and the markets in which the Certificate will be offered. Applicants will maintain and make available to the Commission upon request a memorandum outlining the methodology underlying the foregoing representations.

16. Equitable will assess a mortality and expense risk charge not to exceed an annual rate of 0.90%, and a maximum annual charge of 0.35% of the guaranteed minimum death benefit. Assuming a hypothetical gross investment return in the Account of 5.0%, the 0.35% maximum guaranteed minimum death benefit charge would, if expressed as a daily charge against Account assets, add approximately 0.35% to the 0.90% mortality and expense risk charge, for a total charge, on an annual basis, of approximately 1.25% of the assets in the Investment Funds.

17. For higher hypothetical gross returns, the guaranteed minimum death benefit charge, when expressed as an asset-based charge, would be less; for lower hypothetical gross returns, it would be more. Applicants assert that this is because the charge base—which is essentially contributions plus interest—is a relative constant in dollar amount compared to the fluctuating values of an Investment Fund. Thus, as a percentage of the assets of an

Investment Fund, which (assets) change with investment performance, positive performance results in a reduction of the guaranteed minimum death benefit charge when expressed as an assetbased charge; negative performance will result in an increase in the guaranteed minimum death charge when expressed as an asset-based charge.

18. Applicants acknowledge that the withdrawal charge and distribution fee, as applicable, may be insufficient to cover all costs relating to the distribution of the Certificates. Applicants further acknowledge that if a profit is realized from the mortality and expense risk and guaranteed minimum death benefit charges, all or a portion of such profit may be offset by distribution expenses not reimbursed by the withdrawal charge and distribution fee. In such circumstances, a portion of such charges might be viewed as providing for costs relating to distribution of the Certificates.

19. Notwithstanding the foregoing, Equitable has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements made with respect to the Certificates will benefit the Account and Certificate owners and annuitants. Equitable represents that it will maintain at its principal office, and make available on request to the Commission, a memorandum setting forth the basis for such conclusion.

20. Equitable represents that the Account will invest only in an underlying mutual fund which has undertaken to have a board of directors, a majority of the members of which are not "interested persons" of such fund within the meaning of Section 2(a)(19) of the Act, formulate and approve any plan to finance distribution expenses in accordance with Rule 12b–1 under the 1940 Act.

Conclusion

Applicants submit that for the reasons and based upon the facts set forth above, the requested exemptions from Sections 2(a)(35), 26(a)(2)(C) and 27(c)(2) of the 1940 Act to permit the assessment of a mortality and expense risk charge, a guaranteed minimum death benefit charge, and a distribution fee under the Account Contracts and Other Contracts meet the statutory standards of Section 6(c) of the 1940 Act. Accordingly, Applicants assert that the requested exemptions are 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 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.
[FR Doc. 95–5335 Filed 3–3–95; 8:45 am]
BILLING CODE 8010–01–M

[Rel. No. IC-20922; 812-8846]

Prudential Securities Incorporated, et al.; Notice of Application

February 27, 1995.

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

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

APPLICANTS: Prudential Securities Incorporated (the "Sponsor"); and National Municipal Trust, Prudential Unit Trusts, National Equity Trust, and Government Securities Equity Trust (the "Trusts").

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

SUMMARY OF APPLICATION: Applicants seek to impose sales charges on a deferred basis and waive the deferred sales charge in certain cases, exchange Trust units having deferred sales charges, and exchange units of a terminating series of a Trust for units of the next available series of that Trust.

FILING DATES: The application was filed on February 22, 1994 and amended on July 21, 1994, January 19, 1995, and February 21, 1995.

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 March 24, 1995, 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 the date of a hearing may request

¹ Prudential-Bache Securities, Inc., Investment Company Act Release Nos. 14943 (Feb. 18, 1986) (notice) and 14989 (March 13, 1986) (order).