approximately his or her proportionate share of the issuer's current net assets, or the cash equivalent of those assets.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 DSC is not charged at the time of purchase, an exemption from section 2(a)(35) is necessary.
- 4. Section 22(c) and rule 22c-1 require 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 DSC may cause a redeeming unit holder to receive an amount less than the net asset value of the redeemed Units, applicants seek an exemption from this section and 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 may not be interpreted as extending to scheduled variations in deferred sales charges, applicants seek relief from section 22(d) to permit each Series to waive or reduce the DSC in certain circumstances. Any waiver or reduction will comply with the conditions in paragraphs (a) through (d) of rule 22d-1 under the Act.
- 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 permit the trustee to collect the DSC installments from distribution deductions or Trust assets.
- 7. Applicants believe that implementation of the DSC program in the manner described above would be fair and in the best interests of the unitholders of the Trusts. 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 order granting the requested relief 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 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 option, 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 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. The amount of the sales charge per Unit collected from a holder at the time of any exchange or conversion of a Unit will be lower than the sales charge collected on the initial purchase of the same Unit at such time.

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

Margaret H. McFarland,

Deputy Secretary.
[FR Doc. 95-5336 Filed 3-3-95; 8:45 am]
BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Preferred Lenders Program; FA\$TRAK Pilot Program

AGENCY: Small Business Administration. **ACTION:** Notice of pilot program "FA\$TRAK".

SUMMARY: the Small Business Administration (SBA) is establishing a pilot program in which certain lenders will be permitted to use their own documentation and procedures to approve loans to small businesses using the Section 7(a) loan program in return for a reduced percentage of guaranty and other modifications to SBA's normal lending practices. This program will be called FA\$TRAK and will be considered a part of the Preferred Lenders Program.

DATES: This pilot will be effective on February 27, 1995 and will remain in effect for 2 years.

FOR FURTHER INFORMATION CONTACT: James W. Hammersley, Deputy Director, Office of Financing, U.S. Small Business Administration, 8th floor, 409 3rd St., SW., Washington, DC 20416; 202–205–6493.

SUPPLEMENTARY INFORMATION: The Small Business Administration (SBA) is establishing the FA\$TRAK pilot program as part of the existing Preferred Lenders Program. This program is designed to streamline the process by which a lender receives a guaranty from SBA on a loan made to a qualifying small business. It is SBA's goal to utilize, to the maximum extent possible, existing documentation of participating lenders. Therefore, for FA\$TRAK loans lenders will be permitted to use their own application form(s), internal credit memoranda, notes, collateral documents, servicing documentation and liquidation documentation. The SBA will limit the use of governmentmandated forms to those forms necessary to authorize the lender to disburse the loan with a government guaranty, record the guaranteed balance and loan status, and ensure that the borrower has agreed to those items required by law and regulation.

² Without an exemption, a trust selling unit 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."