

III. General Request for Comments

Any interested persons wishing to submit written comments on the rule and form changes that are the subject of this release, to suggest additional changes, or to submit comments on other matters that might have an effect on the proposals contained in this release, are requested to do so.

IV. Cost/Benefit Analysis

The rule and form changes proposed today are intended to improve information regarding the estimated yield of UITs provided to investors by requiring that yield be uniformly calculated in a manner reasonably likely to provide a "best estimate" of the return in an investment in a UIT. The Commission believes that any resulting increase in the expenses of UITs and their sponsors will be small, particularly in relation to the benefit of preventing the advertisement of misleading or inaccurate information.

The proposed formula is not expected to be significantly more costly to calculate than current formulas used in connection with UIT offerings. The proposed amendments therefore should result in little increase in the cost of calculating or advertising performance information. Converting to the use of a new formula (e.g., reprogramming computers) would involve certain costs, but the costs of any conversion should be outweighed by the benefits of more accurate UIT yield figures.

V. Summary of Initial Regulatory Flexibility Act Analysis

The Commission has prepared an Initial Regulatory Flexibility Analysis in accordance with 5 U.S.C. 603 regarding the proposed amendments. The analysis reiterates the reasons and objectives for the proposed amendments discussed above in this Release. The analysis also describes the legal basis for the proposal and discusses its effect on small entities as defined by the 1940 Act. In addition, the analysis considers several alternatives to the proposed amendments such as requiring a trust to calculate its IRR. The analysis notes, however, that these alternatives would not be less costly than the proposed Estimated Yield Formula. The analysis also notes that the proposed Estimated Yield Formula is based on a proposal submitted by the UIT industry. Other aggregate cost-benefit information reflected in the "Cost/Benefit Analysis" section of this release also is reflected in the analysis. A copy of the analysis may be obtained by contacting Anthony R. Bosch, Office of Disclosure and Investment Adviser Regulation, Division

of Investment Management, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

VI. Paperwork Reduction Act

Certain provisions of the proposed rule and form amendments contain "collection of information" requirements within the meaning of the Paperwork Reduction Act of 1995 [44 U.S.C. 3501 *et seq.*], and the Commission has submitted the rule and form amendments to the Office of Management and Budget for review in accordance with 44 U.S.C. 3507(d). The title for the collection of information is "Amendments to Regulation C, Rule 34b-1, and Form S-6." The Supporting Statement to the Paperwork Reduction Act submission notes that the proposed amendments would amend Form S-6, rule 482, and rule 34b-1 to require certain UITs to use a uniform formula to calculate yields quoted in their prospectuses, advertisements, and sales literature and that the proposed amendments are designed to enhance the ability of prospective investors to make informed investment decisions.

Proposed amendments to Form S-6, Regulation C, and rule 34b-1 would have a negligible effect on the annual reporting and cost burden of UITs. Because most UITs currently calculate yield quoted in their prospectuses, advertisements, and sales literature, the proposed amendments should not significantly increase the reporting and cost burdens in connection with UIT offerings. Form S-6 is used for registration of securities under the 1933 Act by UITs registered under the 1940 Act. UITs file approximately 3263 registration statements on Form S-6 annually. Form S-6 requires an estimated 35 reporting burden hours resulting from the required collection of information. Rule 34b-1 under the 1940 Act governs sales material that accompany or follow the delivery of a statutory prospectus. Approximately 287 respondents (including UITs) each file approximately five responses annually pursuant to rule 34b-1. The recordkeeping burden from rule 34b-1 requires approximately 2.4 hours per response resulting from the required collection of information. Regulation C provides standard instructions to guide registrants filing registration statements under the 1933 Act. Regulation C is assigned one burden hour for administrative convenience because the rule simply prescribes the disclosure that must appear in other filings under the 1933 Act.

The Commission requests specific comment concerning: whether the proposed collection of information is

necessary for the proper performance of the function of the Commission, including whether the information shall have practical utility; on the accuracy of the Commission's estimate of the burden of the proposed collection of information; on the quality, utility, and clarity of the information to be collected; and whether the burden of collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology may be minimized.

Persons desiring to submit comments on the collection of information requirements should direct them to the Office of Management and Budget, Attention: Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Washington, D.C. 20503, and should also send a copy of their comments to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 5th Street, Washington, D.C. 20549 with reference to File No. S7-32-95. The Office of Management and Budget is required to make a decision concerning the collections of information between 30 and 60 days after publication, so a comment to the Office of Management and Budget is best assured of having its full affect if the Office of Management and Budget receives it within 30 days of publication.

VII. Text of Proposed Rule and Form Amendments

List of Subjects

17 CFR Parts 230 and 239

Reporting and recordkeeping requirements, Securities.

17 CFR Part 270

Investment companies, Reporting and recordkeeping requirements, Securities.

For the reasons set out in the preamble, Title 17, Chapter II of the Code of Federal Regulations is proposed to be amended as follows:

PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933

1. The authority citation for Part 230 continues to read in part as follows:

Authority: 15 U.S.C. 77b, 77f, 77g, 77h, 77j, 77s, 77sss, 78c, 78d, 78l, 78m, 78n, 78o, 78w, 78ll(d), 78t, 80a-8, 80a-29, 80a-30, and 80a-37, unless otherwise noted.

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2. By amending § 230.482 by removing the comma at the end of paragraphs (a)(1), (a)(2), (a)(3), and (a)(4) and in its place adding a semicolon; by