Index Trust will be to seek a greater total return than that achieved by the stocks constituting the entire Index over the life of the Index Trust. To achieve this objective, each Index Trust will consist of a specified number of the highest dividend yielding stocks in such trusts' respective Index.

4. Each Rollover Trust will hold its securities for a specified period, generally one year. As the Rollover Trust terminates, the Sponsor intends to create a new Series of the same type (the ''New Trust'') for the next period. With respect to the Index Trusts, the New Trust will be based on the same Index, using the same number of current top dividend yielding stocks in the Index. With respect to the State Trusts, the New Trust will be based on the same number of current top dividend yielding companies located in the same state or states and that meet the minimum capital requirements. Each Rollover Trust has a specified date upon which Unitholders in the terminating Rollover Trust may at their option redeem their Units in the terminating trust and receive in return Units in the New Trust which is created on or about the date such option may be exercised.

5. In connection with its termination, each Rollover Trust will sell all of its portfolio securities as quickly as practicable, but over a period of time so as to minimize any adverse impact on the market price. Similarly, a New Trust will acquire its portfolio securities in purchase transactions. Because there normally will be some overlap between the portfolios of each Rollover Trust and the corresponding New Trust, this procedure will result in substantial brokerage commissions on portfolio securities of the same issue that are borne by the Rollover Trust and the New Trust and, consequently, the Unitholders of both the Rollover Trust and the New Trust. In light of these costs, Applicants request an exemptive order to allow any Index Trust to sell Equity Securities, and the State Trusts to sell securities of the Eligible companies, that are listed on an Exchange or Nasdaq-NMS and actively traded (as described above), to their respective New Trusts and to permit the New Trusts to purchase such securities at the closing sale prices of the securities on the applicable Exchange or on Nasdaq-NMS on the sale date. As required by Condition C.3. and 4., below, these transactions must be effected in compliance with rule 17a–7, except for certain provisions of paragraph (e) thereof.

6. To minimize overreaching, the Sponsor will certify to the trustee, within five days of each sale from a Rollover Trust to a New Trust, (a) that the transaction is consistent with the policy of both the Rollover Trust and the New Trust, as recited in their respective registration statements and reports filed under the Act, (b) the date of such transaction and (c) the closing sales price on the Exchange or Nasdaq-NMS for the sale date of the securities subject to such sale. The trustee will countersign the certificate, unless the trustee disagrees with the price listed on the certificate, in which event the trustee will immediately inform the Sponsor and return the certificate to the Sponsor with corrections duly noted. If the Sponsor can verify the corrected price, the Sponsor will ensure that the price of Units of the New Trust, and distribution to Unitholders of the Rollover Trust, accurately reflect the corrected price. If the Sponsor disagrees with the trustee's corrected price, the Sponsor and the trustee will jointly determine the correct sales price by reference to a mutually agreeable, indepenently published list of closing sales prices for the date of the transaction.

Applicants' Legal Analysis

1. Applicants request an exemption under section 6(c) granting relief from sections 2(a)(32), 2(a)(35), 22(d) and 26(a)(2) and rule 22c–1 to permit Applicants to assess a DSC, and to waive the DSC under certain circumstances. Applicants also request an exemption under section 11(a) for relief from section 11(c) to enable them to implement the Exchange Option. In addition, Applicants request an exemption pursuant to sections 6(c) and 17(b) granting relief from section 17(a) to permit Rollover Trusts to sell portfolio securities to a New Trust and to permit the New Trusts to purchase such securities. Finally, Applicants seek an exemption under section 6(c) granting relief from sections 14(a) and 19(b) and rule 19b–1 to the extent described below.

2. Section 2(a)(32) defines a ''redeemable security'' as a security that, upon its presentation to the issuer, entitles the holder to receive approximately his or her proportionate share of the issuer's current net assets, or the cash equivalent of those assets. Because the imposition of a DSC may cause a redeeming Unitholder to receive an amount less than the net asset value of the redeemed Units, Applicants seek an exemption from section 2(a)(32) so that Units subject to a DSC are considered redeemable securities for purposes of the Act.[2]

3. Section 2(a)(35), in relevant part, defines the term ''sales load'' to be the difference between the public selling price of a security and that portion of the sale proceeds invested or held for investment by the depositor or trustee. Because a DSC is not charged at the time of purchase, Applicants request an exemption from section 2(a)(35).

4. Rule 22c–1 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. Because the imposition of a DSC may cause a redeeming Unitholder to receive an amount less than the net asset value of the redeemed Units, Applicants seek an exemption from this 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 which reflect scheduled variations in, or elimination of, the sales load.'' Because rule 22d–1 does not extend to scheduled variations in DSCs, Applicants seek relief from section 22(d) to permit them to waive or reduce their DSC in certain instances.

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 and disburse them to the Sponsor.

7. Section 6(c) provides, in relevant part, that the SEC, by order upon application, may conditionally or uconditionally exempt any person or transaction, or any class or classes of persons or transactions, from any provision or provisions of the Act or of any rule thereunder, if and to the extent that such exemption is appropriate in the public interest and consistent with the protection of investors and the

[2] Without an exemption, a Trust selling Units subject to a DSC could not meet the definition of a unit investment trust under section 4(2) of the Act. As here relevant, section 4(2) defines a unit investment trust as an investment company that issues only ''redeemable securities.''