purposes fairly intended by the policy and provisions of the Act. Applicants believe that implementation of the deferred sales charge program in the manner described above would be fair and in the best interests of the Unitholders of the Trusts. Thus, granting the requested relief from sections 2(a)(32), 2(a)(35), 22(d), and 26(a)(2) and rule 22c–1 would meet the requirements for an exemption established by section 6(c).

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 under section 11(a). 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 Option.

9. Section 17(a) makes it unlawful for an affiliated person of a registered investment company to sell securities to, or purchase securities from, the company. Investment companies under common control may be considered affiliated persons of one another. Each Series will have an identical or common Sponsor, Voyageur Fund Managers, Inc. Since the Sponsor of each Series may be considered to control each Series, it is likely that each Series would be considered an affiliated person of the others.

10. Section 17(b) provides that the SEC shall exempt a proposed transaction from section 17(a) if evidence establishes that: (a) The terms of the proposed transaction are reasonable and fair and do not involve overreaching; (b) the proposed transaction is consistent with the policies of the registered investment company involved; and (c) the proposed transaction is consistent with the general provisions of the Act. As noted above, section 6(c) authorizes the SEC to exempt classes of transactions. Applicants believe the proposed sales of portfolio securities from a Rollover Trust to a New Trust satisfy the exemptive requirements set forth in sections 6(c) and 17(b).

11. Rule 17a–7 under the Act permits registered investment companies that might be deemed affiliates solely by reason of common investment advisers, directors, and/or officers, to purchase securities from, or sell securities to, one another at an independently determined price, provided certain conditions are met. Paragraph (e) of the rule requires an investment company's board of directors to adopt and monitor the procedures for these transactions to assure compliance with the rule. A unit investment trust does not have a board of directors and, therefore, may not rely on the rule. Applicants represent that they will comply with all of the provisions of rule 17a–7, other than paragraph (e).

12. Applicants represent that purchases and sales between Series will be consistent with the policy of each Series, as only securities that otherwise would be bought and sold on the open market pursuant to the policy of each Series will be involved in the proposed transactions. Further, Applicants submit that requiring the Series to buy and sell on the open market leads to unnecessary brokerage fees and is therefore contrary to the general purposes of the Act.

13. Section 14(a) requires in substance that investment companies have $100,000 of net worth prior to making a public offering. As noted previously, the Sponsor will deposit substantially more than $100,000 of debt or equity securities for each Series. As the Sponsor intends to sell all of a Trust Series' Units to the public, however, representing the entire beneficial ownership of the Trust, Applicants request exemptive relief from the net worth requirement of section 14(a). Applicants will comply in all respects with rule 14a–3, which provides an exemption from section 14(a), except that the Voyageur Equity Trust and certain future Trusts (the ''Equity Trusts'') will not restrict their portfolio investments to ''eligible trust securities'' as required by the rule.

14. Section 19(b) and rule 19b–1 make it unlawful, except under limited circumstances, for a registered investment company to distribute long-term capital gains more than once every twelve months. Rule 19b–1(c), under certain circumstances, excepts a unit investment trust investing in ''eligible trust securities'' (as defined in rule 14a–3) from the requirements of rule 19b–1. Because the Equity Trusts, as noted above, will not restrict their portfolio to ''eligible trust securities,'' the Equity Trusts will not qualify for the exemption in paragraph (c) of rule 19b–1. Applicants therefore request an exemption from section 19(b) and 19b–1 to the extent necessary to permit any capital gains earned in connection with the sale of portfolios shares to be distributed to Unitholders along with the Equity Trust's regular distributions. In all other respects, Applicants will comply with section 19(b) and rule 19b–1.

15. Applicants submit that the dangers which section 19(b) and rule 19b–1 are designed to prevent do not exist in the Equity Trusts. Any gains from the redemption of portfolio securities would be triggered by the need to meet Trust expenses, deferred sales charge installments, or by requests to redeem Units, events over which the Sponsor and the Equity Trusts have no control. Moreover, since principal distributions must be clearly indicated in accompanying reports to Unitholders as a return of principal and will be relatively small in comparison to normal dividend distributions, there is little danger of confusion from failure to differentiate among distributions.

Applicants' Conditions

The Applicants agree that any order granting the application will be made subject to the following conditions:

A. Conditions With Respect to DSC Relief and Exchange Option

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) of the Act 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. An investor who purchases Units under the Exchange Option will pay a lower aggregate sales charge than that which would be paid for the Units by a new investor, unless the Five Months or DSC Front-end Exchange Adjustments apply.

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