

into one or more interest rate swaps and related interest rate caps, collars and floors, through December 31, 1997, in notional amounts that in the aggregate will not exceed \$350 million.

National requests authorization to make floating-to-fixed rate ("Strategy 1 Swaps") and fixed-to-floating rate swaps ("Strategy 2 Swaps"). Under Strategy 1 Swaps, National would make periodic interest payments at a floating rate of interest, calculated on an agreed notional amount, in return for periodic interest payments based upon the same notional amount but payable at an agreed-upon fixed rate of interest. Under Strategy 2 Swaps, National would pay a fixed interest rate and receive a variable interest rate on an agreed notional amount.

National's floating rate of interest for Strategy 1 Swaps would be based on certain indices, such as the London Interbank Deposit Offered Rate, the Federal Funds Rate, certificate of deposit indices, or commercial paper indices. There will be no maximum interest rate respecting payments that National may make under Strategy 1 Swaps unless National purchases an interest rate cap. However, National will not enter a Strategy 1 Swap in which the floating interest rate it pays would exceed by more than 200 basis points, at each reset period, the index used for the Strategy 1 Swap. The fixed interest National receives in a Strategy 1 Swap is calculated as that rate of interest that sets the net present value of the forward curve for the short-term index to zero, plus the bid/ask spread. Thus, the fixed rate chosen will be a rate that discounts the floating interest payments expected by the market to be paid by National over the life of the swap to an amount that equals the present value of the fixed interest payments to National, exclusive of the bid-ask spread.

To protect against adverse interest rate changes on floating rate debt, National may purchase one or more interest rate caps or may additionally sell an interest rate floor to either lower the cost of the debt under the floor or, in conjunction with an interest rate cap, to lower the cost of the cap.

National will not enter any Strategy 2 Swaps if the fixed rate of interest paid by National would exceed 2% over the yield on U.S. Treasury obligations bearing comparable terms. Strategy 2 Swaps would be used in lieu of issuing Debentures or MTNs. The aggregate notional amount of Strategy 2 Swaps will not, at any one time, exceed the difference between (a) \$350 million and (b) the aggregate principal amount of Debentures and MTNs then outstanding. Furthermore, the aggregate notional

amount of Strategy 2 Swaps will not exceed, at the time the swap contract is entered into, the difference between (a) the amount of short-term debt then outstanding pursuant to National's short-term borrowing arrangements (File No. 70-8297) (which shall not exceed \$400 million) and b) the aggregation notional amount of swaps then outstanding pursuant to National's short-term borrowings and system Money Pool arrangements (File No. 70-8297). In no event will the aggregate notional amount of Strategy 2 Swaps, at any one time, exceed \$350 million.

The term of Strategy 1 Swaps could vary from one month to forty years, while the term of Strategy 2 Swaps could vary from nine months to forty years.

Each time National issues debenture or medium-term notes, the proceeds are lent to one or more of its subsidiaries at an all-in cost that is equal to the coupon on the debt plus the amortization of the underwriters or agents' fees. Similarly each interest rate swap, cap, floor, or collar would "directly relate" to then outstanding debt so that the gains and losses of doing a swap and one or more derivative instruments would be allocated to the subsidiary on whose behalf the underlying debt was issued. The subsidiary will enter an agreement with National for the financial obligations of the swaps and other derivatives.

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

Jonathan G. Katz,
Secretary.

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SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

ACTION: Notice of reporting requirements submitted for review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Comments should be submitted on or before February 27, 1995. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

COPIES: Request for clearance (S.F. 83), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer. Submit comments to the Agency Clearance Officer and the OMB Reviewer.

FOR FURTHER INFORMATION CONTACT:

Agency Clearance Officer: Cleo Verbillis, Small Business Administration, 409 3RD Street, SW., 5th Floor, Washington, DC 20416, telephone: (202) 205-6629.

OMB Reviewer: Donald Arbuckle, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

Title: 8(a) Application Forms.

Form No.: SBA Forms 1010A, 1010B-Proprietorship, Partnership, Corporation, 1010C.

Frequency: On Occasion.

Description of Respondents: 8(a)

Applicants.

Annual Responses: 11,000.

Annual Burden: 55,000.

Dated: January 19, 1995.

Cleo Verbillis,

Chief, Administrative Information Branch.

[FR Doc. 95-2095 Filed 1-26-95; 8:45 am]

BILLING CODE 8025-01-M

Reporting and Recordkeeping Requirements Under OMB Review

ACTION: Notice of reporting requirements submitted for review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

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