(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were either received or requested.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(a) By order approve such proposed rule change, or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by September 14, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[3]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–20954 Filed 8–23–95; 8:45 am]

BILLING CODE 8010–01–M

[3] 17 CFR 200.30–3(a)(12) (1994).

[File No. 500–1]

Enviro-Green Tech, Inc.; Order of Suspension of Trading

August 18, 1995.

It appears to the Securities and Exchange Commission that there is a lack of adequate and accurate information concerning the securities of Enviro-Green Tech, Inc. (''Enviro-Green''), of Fort Lauderdale, Florida, and that questions have been raised about the accuracy and adequacy of Enviro-green's financial statements and other disclosures. The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed company, over-the-counter or otherwise, is suspended for the period from 9:30 a.m. (EDT), August 18, 1995 through 11:59 p.m. (EDT), on September 1, 1995.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–21045 Filed 8–23–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21312; No. 812–8924]

Merrill Lynch Life Insurance Company, et al.

August 17, 1995.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for an exemption pursuant to the Investment Company Act of 1940 (the ''1940 Act'').

APPLICANTS: Merrill Lynch Life Insurance Company; ML Life Insurance Company of New York; Merrill Lynch Variable Life Separate Account; Merrill Lynch Variable Life Separate Account II; ML of New York Variable Life Separate Account; ML of New York Variable Life Separate Account II; Merrill Lynch Variable Series Funds, Inc. (the ''Fund''); and Merrill Lynch Asset Management, L.P.

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 6(c) granting exemptions from the provisions of Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order permitting shares of the Fund to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies.

FILING DATE: The application was filed on April 11, 1994, and amended and restated on April 12, 1995. Applicants have undertaken to amend the application during the notice period to make the representations contained herein.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on September 11, 1995, and must be accompanied by proof of service on Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street NW., Washington, DC 20549. Applicants, c/o Barry G. Skolnick, Esq., Merrill Lynch Life Insurance Company, and Philip L. Kirstein, Esq., Merrill Lynch Asset Management, L.P., both at 800 Scudders Mill Road, Plainsboro, New Jersey 08536.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior Counsel, or Wendy Friedlander, Deputy Chief, Office of Insurance Products (Division of Investment Management), at (202) 942–0670.

SUPPLEMENTARY INFORMATION: The following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the Commission.

Applicants' Representatives

1. Merrill Lynch Life Insurance Company (''Merrill Lynch'') is a stock life insurance company organized under the laws of the State of Arkansas. Merrill Lynch Variable Life Separate Account and Merrill Lynch Variable Life Separate Account II are separate investment accounts established by Merrill Lynch and registered with the Commission pursuant to the 1940 Act as unit investment trusts.

2. ML Life Insurance Company of New York (''ML Life'') is a stock life insurance company organized under the laws of the State of New York. ML of New York Variable Life Separate Account and ML of New York Variable Life Separate Account II are separate

investment accounts established by ML Life and registered with the Commission pursuant to the 1940 Act as unit investment trusts.

3. The Fund was incorporated on October 16, 1981, as a Maryland corporation and is registered with the Commission pursuant to the 1940 Act as an open-end, management investment company. The Fund currently consists of seventeen separate portfolios (the ''Portfolios''), each of which has its own investment objective, or objectives, and policies.

4. Merrill Lynch Asset Management, L.P. (''MLAM''), a limited partnership, is the investment adviser for the Fund. MLAM is registered with the Commission as an investment adviser pursuant to the Investment Advisers Act of 1940. Princeton Services, Inc., the general partner of MLAM, is a wholly-owned subsidiary of Merrill Lynch & Co., Inc.

5. Shares of the Portfolios currently are sold to Merrill Lynch, ML Life (collectively, the ''Merrill Insurance Companies'') and Family Life Insurance Company (''Family Life,'' together with the Merrill Insurance Companies, the ''Current Participating Insurance Companies''). The Merrill Insurance Companies are affiliated because they are both wholly-owned subsidiaries of Merrill Lynch & Co., Inc. Family Life is not affiliated with the Merrill Insurance Companies.

6. Currently, shares of certain Portfolios are sold either to: (a) the Merrill Insurance Companies for their separate accounts to fund variable annuity contracts; (b) the Merrill Insurance Companies to fund variable life insurance contracts; or (c) to Family Life to fund benefits under variable annuity contracts.

7. Applicants state that, upon the granting of the exemptive relief requested by the Application, the Fund intends to offer shares of its existing Portfolios, and any future portfolios, to separate accounts of insurance companies, including both the Current Participating Insurance Companies and other insurance companies not affiliated with them (''Other Insurance Companies'') to serve as the investment vehicle for various types of insurance products, which may include variable annuity contracts, single premium variable life insurance contracts, scheduled premium variable life insurance contracts, and flexible premium variable life insurance contracts (collectively, ''variable contracts''). The Current Participating Insurance Companies and Other Insurance Companies which elect to purchase shares of one or more Portfolios are collectively referred to herein as ''Participating Insurance Companies.'' The Participating Insurance Companies will establish their own separate accounts (''Participating Separate Accounts'') and design their own variable annuity or variable life insurance contracts.

Applicants' Legal Analysis

1. The use of a common management investment company as the underlying investment medium for both variable annuity and variable life insurance separate accounts of the same life insurance company or of any affiliated life insurance company is referred to as ''mixed funding.'' The use of a common management investment company as the underlying investment medium for variable life insurance separate accounts of one insurance company and separate accounts funding variable contracts of one or more unaffiliated life insurance companies is referred to as ''shared funding.'' Applicants request an order exempting the Participating Insurance Companies and Participating Separate Accounts (and, to the extent necessary, any principal underwriter and depositor of Participating Separate Accounts) from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act, and Rules 6e–2(b)(15) and 6e–3(T)(b)(15) thereunder, to the extent necessary to permit mixed and shared funding.[1]

2. Rule 6e–2(b)(15) provides the exemptions from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act that are discussed below only if the separate account is organized as a unit investment trust, all the assets of which consist of the shares of one or more registered management investment companies which offer their shares exclusively to variable life insurance separate accounts of the life insurer or of any affiliated life insurer. Thus, those exemptions provided by Rule 6e–2 are not available if a separate account invests in a fund engaged in mixed and/or shared funding.

3. Rule 6e–3(T)(b)(15) provides similar exemptions, but only if the separate account is organized as a unit investment trust, all the assets of which consist of the shares of one or more registered management investment companies which offer their shares exclusively to: (a) Separate accounts or variable annuity separate accounts of the life insurance company, or of any affiliated life insurance company; or (b) the life insurance company or affiliated life insurance company in consideration solely for advances made by the life insurance company in connection with the operation of the separate account. Thus, the exemptions provided by Rule 6e–3(T)(b)(15) are available if the underlying fund is engaged in mixed funding, but are not available if the fund is engaged in shared funding.

4. Section 9(a) of the 1940 Act provides, among other things, that it is unlawful for any company to serve as investment adviser or principal underwriter of any registered open-end investment company if an affiliated person of that company is subject to a disqualification enumerated in Sections 9(a)(1) or (2) of the 1940 Act. Rules 6e–2(b)(15)(i) and (ii) and Rules 6e–3(T)(b)(15)(i) and (ii) under the 1940 Act provide exemptions from Section 9(a) under certain circumstances, subject to the limitations on mixed and shared funding imposed by the 1940 Act and the rules thereunder. These exemptions limit the application of the eligibility restrictions to affiliated individuals or companies that directly participate in the management of the underlying management company. Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) each provide a partial exemption from Sections 13(a), 15(a), and 15(b) of the 1940 Act to the extent those sections have been deemed by the Commission to require ''pass-through'' voting with respect to an underlying fund's shares.

5. Applicants state that the partial relief granted in Rules 6e–2(b)(15) and 6e–3(T)(b)(15) from the requirements of Section 9 of the 1940 Act, in effect, limits the amount of monitoring necessary to ensure compliance with Section 9 to that which is appropriate in light of the policy and purposes of Section 9. Applicants state that those 1940 Act rules recognize that it is not necessary for the protection of investors or the purposes fairly intended by the policy and provisions of the 1940 Act to apply the provisions of Section 9(a) to the many individuals in a large insurance company complex, most of whom will have no involvement in matters pertaining to investment companies in that organization. Applicants state that it is unnecessary to

[1] Since shares of those Portfolios that currently are sold to Family Life are sold to the Merrill Insurance Companies only for their separate accounts to fund benefits under variable annuity contracts, there is no mixed funding presently occurring with respect to those Portfolios. Similarly, since shares of those Portfolios that currently are sold to the Merrill Insurance Companies for certain of their separate accounts to fund flexible premium variable life insurance contracts are not sold to Family Life, the mixed funding that occurs with respect to those Portfolios occurs only with respect to insurance companies that are affiliates of each other. Accordingly, Applicants do not believe they require relief, nor are they by the Application requesting relief, with respect to the manner in which shares of the various Portfolios of the Fund are currently sold.

apply Section 9(a) to individuals in various unaffiliated Participating Insurance Companies (or affiliated companies of Participating Insurance Companies) that may utilize the Fund as the funding medium for variable contracts. According to Applicants, there is no regulatory purpose in extending the Section 9(a) monitoring requirements because of mixed or shared funding. The Participating Insurance Companies are not expected to play any role in the management or administration of the Fund. Moreover, those individuals who participate in the management or administration of the Fund will remain the same regardless of which separate accounts or insurance companies use the Fund. Applicants argue that applying the monitoring requirements of Section 9(a) because of investment by other insurers' separate accounts would be unjustified and would not serve any regulatory purpose. Further, the increased monitoring costs would reduce the net rates of return realized by contract owners.

6. Rules 6e–(2)(b)(15)(iii) and 6e–3(T)(b)(15)(iii) under the 1940 Act assume the existence of a pass-through voting requirement with respect to management investment company shares held by a separate account. Applicants state that pass-through voting privileges will be provided with respect to all variable contract owners with respect to Separate Accounts registered under the 1940 Act (''registered Separate Accounts'') so long as the Commission interprets the 1940 Act to require such pass-through voting privileges. Rules 6e–2(b)(15)(iii) and 6e–3(T)(b)(15)(iii) under the 1940 Act provide exemptions from the pass-through voting requirement with respect to several significant matters, assuming that the limitations on mixed and shared funding imposed by the 1940 Act and the rules promulgated thereunder are observed.

7. Rules 6e–2(b)(15) and 6e–3(T)(b)(15) under the 1940 Act give the Participating Insurance Companies the right to disregard voting instructions of contract holders. Rules 6e–2(b)(15)(iii)(A) and 6e–3(T)(b)(15)(iii)(A)(*1*) each provide that the insurance company may disregard the voting instructions of its contract owners with respect to the investments of an underlying fund, or any contract between a fund and its investment adviser, when required to do so by an insurance regulatory authority (subject to the provisions of paragraphs (b)(5)(i) and (b)(7)(ii)(A) of Rules 6e–2 and 6e–3(T) under the 1940 Act). Rules 6e–2(b)(15)(iii)(B) and 6e–3(T)(b)(15)(iii)(A)(*2*) each provide that the insurance company may disregard voting instructions of contract owners if the contract owners initiate any change in the underlying investment company's investment policies, principal underwriter, or any investment adviser (subject to the provisions of paragraphs (b)(5)(ii), (b)(7)(ii)(B), and (b)(7)(ii)(C) of Rules 6e–2 and 6e–3(T) under the 1940 Act). Applicants represent that these rights do not raise any issues different from those raised by the authority of state insurance administrators over separate accounts. Under Rules 6e–2(b)(15) and 6e–3(T)(b)(15), an insurer can disregard voting instructions of contract owners only with respect to certain specified items. Applicants also note that the potential for disagreement among Participating Separate Accounts is limited by the requirements in Rules 6e–2 and 6e–3(T) that a Participating Insurance Company's disregard of voting instructions be reasonable and based on specific good faith determinations.

8. Applicants state that making the Fund available for mixed and shared funding will encourage more insurance companies to offer variable contracts, and that this should result in increased competition with respect to both variable contract design and pricing, which can be expected to result in more product variation and lower charges. Applicants believe that mixed and shared funding should provide several benefits to variable contract owners. Mixed and shared funding would eliminate a significant portion of the costs of establishing and administering separate funds. Mixed and shared funding also would provide the Fund with a larger pool of funds, thereby promoting economies of scale and permitting increased safety through greater diversification.

9. Applicants see no significant legal impediment to permitting mixed and shared funding. Separate accounts organized as unit investment trusts historically have been employed to accumulate shares of mutual funds which have not been affiliated with the depositor or sponsor of the separate account. Applicants do not believe that mixed and shared funding will have any adverse Federal income tax consequences.

Applicants' Conditions

Applicants have consented to the following conditions if the exemptive relief requested by the Application is granted:

1. A majority of the Board of Directors of the Fund (the ''Board'') shall consist of persons who are not ''interested persons'' of the Fund, as defined by Section 2(a)(19) of the 1940 Act, and the rules promulgated thereunder, and as modified by any applicable orders of the Commission, except that if this condition is not met by reason of the death, disqualification, or bona-fide resignation of any director or directors, then the operation of this condition shall be suspended: (a) For a period of 45 days if the vacancy or vacancies may be filled by the Board; (b) for a period of 60 days if a vote of shareholders is required to fill the vacancy or vacancies; or (c) for such longer period as the Commission may prescribe by order upon application.

2. The Board will monitor the Fund for the existence of any material irreconcilable conflict between the interests of the contract owners of all separate accounts investing in the Fund. A material irreconcilable conflict may arise for a variety of reasons including, without limitation: (a) an action by any state insurance regulatory authority; (b) a change in applicable Federal or state insurance, tax, or securities laws or regulations; (c) a public ruling, private letter ruling, no-action or interpretative letter, or any similar action by federal or state insurance, tax, or securities regulatory authorities; (d) an administrative or judicial decision in any relevant proceeding; (e) the manner in which the investments of any series are being managed; (f) a difference in voting instructions given by variable annuity contract owners and variable life insurance contract owners; or (g) a decision by a Participating Insurance Company to disregard the voting instructions of contract owners.

3. Participating Insurance Companies and MLAM will report any potential or existing conflicts to the Board. Participating Insurance Companies and MLAM will be responsible for assisting the Board in carrying out the Board's responsibilities under these conditions by providing the Board with all information reasonably necessary for the Board to consider any issues raised. This includes, but is not limited to, an obligation by each Participating Insurance Company to inform the Board whenever contract owner voting instructions are disregarded. The responsibility to report such information and conflicts to the Board and to assist the Board will be a contractual obligation of all insurers investing in the Fund under their agreements governing participation in the Fund and these responsibilities will be carried out with a view only to the interests of the contract owners.

4. If it is determined by a majority of the Board, or a majority of the disinterested directors of the Board, that

a material irreconcilable conflict exists, then the relevant insurance companies, at their expense and to the extent reasonably practicable (as determined by a majority of the disinterested directors), shall take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict, up to and including: (a) withdrawing the assets allocable to some or all of the separate accounts from the Fund or any Portfolio and reinvesting such assets in a different investment medium, including another Portfolio of the Fund, or submitting the question as to whether such segregation should be implemented to a vote of all affected contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., annuity contract owners or life insurance contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected contract owners the option of making such a change; and (b) establishing a new registered management investment company or managed separate account. If a material irreconcilable conflict arises because of a decision by a Participating Insurance Company to disregard the voting instructions of contract owners, and that decision represents a minority position or would preclude a majority vote, then the insurance company may be required, at the Fund's election, to withdraw the insurance company's Separate Account's investment in the Fund and no charge or penalty will be imposed as a result of such withdrawal. The responsibility to take remedial action in the event of a Board determination of a material irreconcilable conflict and to bear the cost of such remedial action shall be a contractual obligation of all Participating Insurance Companies under their agreements governing participation in the Fund and these responsibilities will be carried out with a view only to the interests of contract owners.

For purposes of this Condition 4, a majority of the disinterested members of the Board shall determine whether or not any proposed action adequately remedies any material irreconcilable conflict, but in no event will the Fund or MLAM be required to establish a new funding medium for any variable contract. No Participating Insurance Company shall be required by this Condition 4 to establish a new funding medium for any variable contract if any offer to do so has been declined by vote of a majority of the contract owners materially adversely affected by the material irreconcilable conflict.

5. The Board's determination of the existence of a material irreconcilable conflict and its implications shall be made known in writing promptly to all Participating Insurance Companies.

6. Participating Insurance Companies will provide pass-through voting privileges to all variable contract owners with respect to registered Separate Accounts so long as the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for variable contract owners. Accordingly, Participating Insurance Companies will vote shares of the Fund held in their registered Separate Accounts in a manner consistent with voting instructions timely-received from contract owners. Each Participating Insurance Company will vote shares of the Fund held in the Participating Insurance Company's registered Separate Accounts for which no voting instructions from contract owners are timely-received, as well as shares of the Fund which the Participating Insurance Company itself owns, in the same proportion as those shares of the Fund for which voting instructions from contract owners are timely-received. Participating Insurance Companies shall be responsible for assuring that each of their registered Separate Accounts participating in the Fund calculates voting privileges in a manner consistent with other Participating Insurance Companies. The obligation to calculate voting privileges in a manner consistent with all other registered Separate Accounts investing in the Fund shall be a contractual obligation of all Participating Insurance Companies under their agreements governing participation in the Fund.

7. The Fund will comply with all provisions of the 1940 Act requiring voting by shareholders, and, in particular, the Fund will either provide for annual meetings (except to the extent that the Commission may interpret Section 16 of the 1940 not to require such meetings) or comply with Section 16(c) of the 1940 Act (although the Fund is not one of the trusts described in Section 16(c) of the 1940 Act), as well as with Section 16(a) of the 1940 Act and, if and when applicable, Section 16(b) of the 1940 Act. Further, the Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

8. The Fund shall disclose in its prospectus that: (a) The Fund is intended to be a funding vehicle for all types of variable annuity and variable life insurance contracts offered by various insurance companies; (b) material irreconcilable conflicts possibly may arise; and (c) the Board will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict. The Fund will notify all Participating Insurance Companies that separate account prospectus disclosure regarding the potential risks of mixed and shared funding may be appropriate.

9. If and to the extent that Rule 6e–2 and Rule 6e–3(T) under the 1940 Act are amended, or Rule 6e–3 under the 1940 Act is adopted, to provide exemptive relief from any provision of the 1940 Act, or the rules promulgated thereunder, with respect to mixed or shared funding, on terms and conditions materially different from any exemptions granted in the order requested by Applicants, then the Fund and/or Participating Insurance Companies, as appropriate, shall take such steps as may be necessary to comply with Rules 6e–2 and 6e–3(T), or Rule 6e–3, as such rules are applicable.

10. The Participating Insurance Companies and/or MLAM, at least annually, shall submit to the Board such reports, materials, or data as the Board reasonably may request so that the Board can fully carry out the obligations imposed upon it by the conditions provided for by the order granting the exemptive relief requested by the Application. Such reports, materials, and data shall be submitted more frequently if deemed appropriate by the Board. The obligations of the Participating Insurance Companies to provide these reports, materials, and data to the Board, when the Board so reasonably requests, shall be a contractual obligation of all Participating Insurance Companies under their agreements governing participation in the Fund.

11. All reports of potential or existing conflicts received by the Board, and all Board action with regard to determining the existence of a conflict, notifying Participating Insurance Companies of a conflict, and determing whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the Board or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–20955 Filed 8–23–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21314; 812–9520]

Merrill, Lynch, Pierce, Fenner & Smith Incorporated, et al.

August 18, 1995.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Merrill Lynch, Pierce, Fenner & Smith Incorporated (''Merrill Lynch''), Smith Barney Inc., Prudential Securities Incorporated, Dean Witter Reynolds Inc., and PaineWebber Incorporated (the ''Sponsors''); and Defined Asset Funds—Municipal Investment Trust Fund, Liberty Street Trust Municipal Monthly Payment Series, Defined Asset Funds—Municipal Income Fund (''DAF–MIF''), and Municipal Investment Trust Fund (the ''Trusts'').

RELEVANT ACT SECTIONS: Order requested under sections 6(c) and 17(b) of the Act that would exempt applicants from section 17(a) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit the trustees of certain unit investment trusts to place orders to sell municipal bond portfolio securities of the trusts with the trust sponsors, who then will serve as introducing dealers. As introducing dealers, the sponsors will retain a clearing broker to sell the securities for the trusts through a wire service.

FILING DATE: The application was filed on March 13, 1995 and amended on July 20, 1995 and August 17, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on September 12, 1995 and should be accompanied by proof of service on the applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, c/o Merrill Lynch, Pierce, Fenner & Smith Incorporated, Unit Investment Trusts, P.O. Box 9051, Princeton, New Jersey 08543–9051.

FOR FURTHER INFORMATION CONTACT: Sarah A. Buescher, Staff Attorney, at (202) 942–0573, or Robert A. Robertson, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicants' Representations

1. Each series of the Trusts is a separate unit investment trust created under New York law by a trust indenture and agreement (''Trust Agreement'') among one or more of the Sponsors, a trustee (''Trustee''), and an evaluator. The investment objective of each series is receipt of interest income exempt from federal income taxation through investment in a fixed portfolio of interest-bearing municipal bonds (''Bonds''). Applicants request that the order extend to future unit investment trusts sponsored by one or more of the sponsors.

2. The Sponsors intend to maintain a market for units of each Trust and continuously offer to purchase those units at the redemption price. If the Sponsors no longer maintain a secondary market, certificate holders may redeem their units. If cash held by a Trust is insufficient to pay any redemption, the Trustee is authorized to sell Bonds held by the Trust. The Trustee also may sell Bonds to meet expenses. In addition, the Sponsors may direct the Trustee to sell Bonds in specific circumstances, such as a default by an issuer or the Bonds becoming subject to federal income taxation.

3. Trustees have two principal methods for selling Bonds: (1) The Trustee can approach several non-Sponsor dealers and sell to the non-Sponsor dealer making the highest bid; or (2) the Trustee can place an order to sell Bonds with one non-Sponsor dealer (''Introducing Dealer''), who in turn retains a broker (''Clearing Broker'') to communicate the availability of the Bonds by posting the offer on a wire system with contact to 300 to 400 dealers. The Clearing Broker receives the bids and selects the highest bidder. Applicants represent that the latter method has obtained more favorable prices for the Trusts because of the broader exposure to the bond offering by potential purchasers. The Clearing Broker and the Introducing Dealer retain a concession. Merrill Lynch has negotiated a fixed fee of $2 per bond with independent Introducing Dealers. Pursuant to an SEC order (Investment Company Act Release No. 14958) (Feb. 25, 1986)) (''1986 Exemption''), sales of Bonds from the Trusts may be made to any of the Sponsors if, among other conditions, the Sponsor is the highest bidder. DAF–MIF was not a party to this order.

4. Clearing Brokers only will accept transactions from Introducing Dealers who are registered as broker-dealers under the Securities Exchange Act of 1934 (''Exchange Act''). Since the Trustee is not a registered broker-dealer, it must retain an Introducing Dealer who receives a concession for writing an order and approaching a Clearing Broker. Each of the Sponsors is a municipal securities dealer who acts as Introducing Dealer in connection with non-Trust Bond sales.

5. Applicants represent that if the requested exemptive relief is granted, not only would the Trusts continue to be permitted to effect principal transactions with the Sponsors in selling Bonds from their portfolios, but the conditions to the 1986 Exemption would be modified to permit the Trusts to use Sponsors as Introducing Dealers in those and other sale transactions. Merrill Lynch's Defined Asset Funds Division will select a Sponsor to act as Introducing Dealer for a wire service transaction for the Trusts only if it believes in good faith that those Trusts are reasonably likely to receive a better execution thereby.

6. Applicants represent that permitting the proposed transaction will benefit the Trusts and the certificateholders. The Sponsors have resources to bear the financial responsibility if a trade is not completed properly and experience with wire service executions of municipal securities transactions. Merrill Lynch believes that these firms can be of substantial value in obtaining more timely and cost-effective executions of wire service transactions for the Trusts. In addition, with the continuing consolidation of major broker-dealers, if the Sponsors continue to be excluded from acting as Introducing Dealers, the Trusts are likely to be permitted only to use smaller, less capitalized firms, which applicants believe may result in less favorable prices and execution for the Trusts.