

may be necessary to comply with Rule 6e-2 and Rule 6e-3(T), as amended, and Rule 6e-3, as adopted, to the extent such rules are applicable.

10. Each Investment Company will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, shall be the persons having a voting interest in the shares of the Investment Companies), and, in particular, each Investment Company will provide for meetings as required by applicable State law or the 1940 Act, including Section 16(c) of the 1940 Act (although the Investment Companies are not one of the trusts described in that section) as well as with Section 16(a) and, if and when applicable, Section 16(b). Further, each Portfolio 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 adopt with respect thereto.

11. The Participants shall, at least annually, submit to the Board such reports, materials or data as the Board may reasonably request so that the Board may fully carry out the obligations imposed upon it by these stated conditions, and said reports, materials, and data shall be submitted more frequently if deemed appropriate by the Board. The obligations of the Participants to provide these reports, materials, and data upon reasonable request of the Board shall be a contractual obligation of all Participants under their participation agreements with the Investment Companies.

12. None of the Investment Companies will accept a purchase order from a Plan if such purchase would make the Plan shareholder an owner of 10% or more of the assets of an Investment Company unless such Qualified Plan executes fund participation agreement with such Investment Company. A plan shareholder will execute an application containing an acknowledgement of this condition upon its initial purchase of the shares of an Investment Company.

Conclusion

For the reasons stated above, Applicants assert that the requested exemptions, in accordance with the standards of Section 6(c), are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-19118 Filed 7-26-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22086; International Series Release No. 1009; File No. 812-10192]

The First Trust Special Situations Trust; Notice of Application

July 22, 1996.

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

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

APPLICANT: The First Trust Special Situations Trust.

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from section 12(d)(3) of the Act.

SUMMARY OF APPLICATIONS: Applicant requests an order on behalf of itself and certain series (the "Series") to permit certain Series (the "Foreign Target Ten Series") to invest up to 10.5% and certain other Series (the "Foreign Target Five Series") to invest up to 20.5% of their respective total assets in securities of issuers that derived more than 15% of their gross revenues in their most recent fiscal year from securities related activities ("Securities Related Issuers").

FILING DATE: The application was filed on June 5, 1996.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on August 16, 1996, and should be accompanied by proof of service on applicant, 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 1001 Warrenville Road, Lisle, Illinois 60532.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Staff Attorney, at (202) 942-0574, 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 at the SEC's Public Reference Branch.

Applicant's Representations

Each Series will be a series of the First Trust Special Situations Trust (the "Trust"), a unit investment trust registered under the Act. Nike Securities L.P. (the "Sponsor") is the depositor for the Trust.

2. Each Series' investment objective is to provide total return through a combination of potential capital appreciation and current dividend income. The Foreign Target Ten Series will invest approximately 10%, but in no event more than 10.5%, of the value of its total assets in each of the ten common stocks in the Financial Times Ordinary Share Index (the "FT Index"), the Hang Seng Index, or the Nikkei 225 Index, as the case may be, with the highest dividend yields, and will hold those stocks for approximately one year. The Foreign Target Five Series will invest approximately 20%, but in no event more than 20.5% of the value of its total assets in each of the five lowest dollar price per share stocks of the ten common stocks in the FT Index, Hang Seng Index or the Nikkei 225 Index, as the case may be, having the highest dividend yields, and will hold those stocks for approximately one year. The Sponsor currently intends (but is not obligated) to offer a new Series at about the time each Series terminates.

3. The FT Index comprises 30 common stocks listed on the London Stock Exchange chosen by the editors of the Financial Times (London) as representative of British industry and commerce. The companies are major factors in their industries and their stocks are widely held by individuals and institutional investors. The Hang Seng Index is a weighted average of 33

¹ The Sponsor will attempt to purchase equal values of each of the common stocks in the portfolio of a Foreign Target Ten Series and a Foreign Target Five Series. However, it is more efficient if securities are purchased in 100 share lots and 50 share lots. As a result, each Foreign Target Ten Series may purchase securities of a Securities Related Issuer which represent over ten percent, but in no event more than 10.5 percent, of such Series' assets, and each Foreign Target Five Series may purchase securities of a Securities Related Issuer which represent over twenty percent, but in no event more than 20.5%, of such Series' assets on the initial date of deposit, to the extent necessary to enable the Sponsor to meet its purchase requirements and to obtain the best price for the securities.

companies listed on the Hong Kong stock exchange representative of Hong Kong industry. The Hang Seng Index is a recognized indicator of stock market performance in Hong Kong. The Nikkei 225 Index is a price-weighted index comprised of 225 Japanese companies listed on the Tokyo Stock Exchange. The Nikkei 225 Index is well-known both inside and outside Japan. The publishers of the FT Index, Hang Seng Index and the Nikkei 225 Index are not affiliated with any Series or the Sponsor and do not participate in any way in the creation of any Series or the selection of its stocks.

4. The securities deposited in each Series will be chosen solely according to the formula described above, and will not necessarily reflect the research opinions or buy or sell recommendations of the Sponsor. The Sponsor is authorized to determine the date of deposit, to purchase securities for deposit in the Series, and to supervise each Series' portfolio. The Sponsor will not have any discretion as to which securities are purchased. Securities deposited in a Series may include securities issued by Securities Related Issuers.

5. The Series' portfolios will not be actively managed. Sales of portfolio securities will be made in connection with redemptions, with payment of expenses, and at termination of the Series on a date specified in a year in advance. The Sponsor does not have discretion as to when securities will be sold except that it is authorized to sell securities in extremely limited circumstances, such as a default by the issuer in the payment of any of its outstanding obligations, a decrease in the price of a security, or other such credit factors exist so that, in the opinion of the Sponsor, the retention of such securities would be detrimental to the Series. The adverse financial condition of an issuer will not necessarily require the sale of its securities from a Series' portfolio.

Applicant's Legal Analysis

1. Section 12(d)(3) prohibits an investment company from acquiring any security issued by any person who is a broker, dealer, underwriter, or investment adviser. Rule 12d3-1 under the Act exempts purchases of securities of an issuer that derived more than 15% of its gross revenues in its most recent fiscal year from securities related activities, provided that, among other things, immediately after such acquisition, the acquiring company has invested not more than 5% of the value of its total assets in securities of the issuer.

2. Section 6(c) of the Act provides that the SEC may exempt a person from any provision of the Act or any rule thereunder, if and to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

3. Applicant requests an exemption under section 6(c) from section 12(d)(3) to permit any Foreign Target Ten Series to invest up to approximately 10%, but in no event more than 10.5%, of the value of its total assets in securities of a Securities Related Issuer and to permit a Foreign Target Five Series to invest up to 20%, but in no event more than 20.5% of the value of its total assets in securities of a Securities Related Issuer. Each Series will comply with all of the conditions of rule 12d3-1, except the condition prohibiting an investment company from investing more than 5% of the value of its total assets in securities of a Securities Related Issuer.

4. Section 12(d)(3) was intended to prevent investment companies from exposing their assets to the entrepreneurial risks of securities related businesses, to prevent potential conflicts of interest, and to eliminate certain reciprocal practices between investment companies and securities related businesses. One potential conflict could occur if an investment company purchased securities or other interests in a broker-dealer to reward that broker-dealer for selling fund shares, rather than solely on investment merit. Applicant believes that this concern does not arise in connection with its application because neither it nor the Sponsor has discretion in choosing the portfolio securities or amount purchased. The security must first be included in the appropriate index, which indexes are unaffiliated with applicant or the Sponsor. In addition, with respect to the Foreign Target Ten Series, the securities must also qualify as one of the ten highest dividend yielding securities in the respective index, and with respect to the Foreign Target Five Series, the securities must qualify as one of the five lowest dollar price per share stocks of the ten highest dividend yielding stocks in the respective index.

5. Applicant also believes that the effect of a Series' purchase on the stock of parents of broker-dealers or other securities companies would be *de minimis*. The common stocks of Securities Related Issuers represented in the FT Index, the Hang Seng Index, or the Nikkei 225 Index are widely held, have active markets, and potential purchases by any Series would

represent an insignificant amount of the outstanding common stock and the trading volume of any of these issues. Accordingly, applicant believes that it is highly unlikely that purchases of these securities by a Series would have any significant impact on the securities' market value.

6. Another potential conflict of interest could occur if an investment company directed brokerage to a broker-dealer in which the company has invested to enhance the broker-dealer's profitability or to assist it during financial difficulty, even though that broker-dealer may not offer the best price and execution. To preclude this type of conflict, applicant and each Series agree, as a condition of this application, that no company held in a Series' portfolio nor any affiliate thereof will act as a broker for any Series in the purchase or sale of any security for its portfolio.

7. Applicant believes that the requested relief is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

Applicant's Condition

Applicant and each Series agree that any order granted under this application may be conditioned upon no company held in the Series' portfolio, nor any affiliate thereof, acting as broker for any Series in the purchase or sale of any security for the Series' portfolio.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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Issuer Delisting; Notice of Application To Withdraw From Listing and Registration; (MedQuist Inc., Common Stock, No Par Value) File No. 1-13326

July 23, 1996

MedQuist Inc. ("Company") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified security ("Security") from listing and registration on the American Stock Exchange, Inc. ("Amex").

The reasons alleged in the application for withdrawing the Security from listing and registration include the following:

According to the Company, its Board of Directors unanimously voted to