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May 19, 2006

VIA UPS

Douglas J. Scheidt, Esq.
Associate Director and Chief Counsel
Division of Investment Management
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Citigroup Global Markets Inc. – Redemptions In Kind to the Sponsor of Unit Investment Trusts under Section 17(a) of the Investment Company Act

Dear Mr. Scheidt:

We are writing on behalf of Citigroup Global Markets Inc. ("CGMI"), the sponsor of numerous series of unit investment trusts which are registered under the Securities Act of 1933, as amended (the "Securities Act") and the Investment Company Act of 1940, as amended (the "Investment Company Act"). We are seeking assurance of the staff of the Division of Investment Management that it will agree not to recommend enforcement action to the Securities and Exchange Commission (the "Commission") under section 17(a)(2) of the Investment Company Act if, under the circumstances described in this letter and without obtaining an order from the Commission under the Investment Company Act, CGMI receives from a Trust (as defined below), as redemption proceeds, securities deposited in the portfolio of the Trust (the "Securities").

I.

BACKGROUND

A. CGMI and the Trusts

CGMI, a New York corporation, which is an investment banking and securities broker-dealer firm, sponsors all series of Corporate Securities Trust, Equity Focus Trust, The Uncommon Values Trust and Tax Exempt Securities Trust. Each series is a "unit investment trust" ("Trust") created under New York law by a Trust Indenture between CGMI, as sponsor (the "Sponsor") and The Bank of New York, as trustee (the "Trustee") and, with respect to any Trust that would propose to make redemptions in-kind to the Sponsor, the Trustee also acts as evaluator (the "Evaluator"). Each unit of a Trust (a "Unit") represents a fractional undivided interest in the Securities of the Trust and such Securities are held by the Trustee for the benefit of Unit holders (the "Holders").

B. Market for Units

While not obligated to do so, the Sponsor intends to maintain a market to repurchase Units of a Trust at a price based on their net asset value. When a Holder wishes to redeem Units, he or she tenders the Units to the Sponsor, which may purchase the tendered Units with its own money. The Sponsor becomes the owner of the Units and acts as principal when it tenders the Units to the Trust for redemption. The Sponsor may discontinue purchases of Units if the supply of Units exceeds demand or for any other business reason. If the Sponsor decides to discontinue the policy of repurchasing units, a holder can redeem units through the Trustee, at a price determined by using the same formula. The Sponsor itself may, of course, redeem any Units it has purchased in the secondary market. The Trustee is empowered to sell Securities in order to make funds available for redemption if funds are not otherwise available in the capital and income accounts of the Trust.

C. Redemptions In Kind

The Trustee will redeem Units "in kind" upon the request of a redeeming Holder, if the Holder tenders at least a number of Units specified in the prospectus for the particular Trust. An in kind distribution ("In Kind Distribution") is made by distributing to the Holder its proportionate share of every Security in the Trust's portfolio. The In Kind Distribution would be effected based upon the price per Unit computed by the Trustee as of the 4:00 p.m. Eastern time (or earlier close of the New York Stock Exchange) (the "Evaluation Time") next following the tender of any Units for redemption. The aggregate value of the Securities is determined by the Trustee, acting as Evaluator, in good faith.

II.

APPLICABLE LAW AND LEGAL DISCUSSION

A. Applicable Law

1. Section 4(2) of the Investment Company Act

Section 4(2) of the Investment Company Act defines a "unit investment trust" as "an investment company which (A) is organized under a trust indenture, contract of custodianship or agency, or similar instrument, (B) does not have a board of directors, and (C) issues only redeemable securities, each of which represents an undivided interest in a unit of specified securities ...". By definition then, the "Units" of the Trusts must be redeemable and the Trusts can not have a board of directors.

Section 2(a)(32) of the Investment Company Act defines a "redeemable security" as "any security under the terms of which the holder, upon its presentation to the issuer or to a person designated by the issuer, is entitled (whether absolutely or only out of surplus) to receive approximately his proportionate share of the issuer's current net assets, or the

cash equivalent thereof." It is therefore contemplated that a unit holder may be entitled to receive a proportionate share of portfolio securities in kind upon tendering his or her units for redemption.

2. Section 17(a)(1) of the Investment Company Act

Although Section 17(a)(1) makes it unlawful for "an affiliated person or promoter of or principal underwriter for a registered investment company" "knowingly to sell any security or property to such registered company", it specifically exempts sales which involve solely, either "(A) securities of which the buyer is the issuer," and "(C) securities deposited with the trustee of a unit investment trust ...". The later exemption evidences the Commission's recognition that the sponsors of unit investment trusts ("UITs") must be permitted to directly "sell" or deposit securities with the trustee, in exchange for which they normally receive the units that are then sold to the public. The former exception recognizes the need to "sell" or redeem the units issued by the "registered investment company", in this instance the Trusts, back to such registered investment company.

3. Section 17(a)(2) of the Investment Company Act

Section 17(a)(2) of the Investment Company Act, in pertinent part, makes it unlawful for any affiliated person or promoter[1] or principal underwriter[2] for a registered investment company (or an affiliated person of such person) knowingly to "purchase" from such registered investment company any security or other property. The Commission has observed that section 17(a) was designed mainly to prohibit "a purchase or sale transaction when a party to the transaction has both the ability and the pecuniary incentive to influence the actions of the investment company."[3] CGMI would qualify under these definitions as both a promoter, since most of the Trusts in question would have durations of just over one year, and as a principal underwriter for each Trust, and as such an in-kind redemption involving the Sponsor would be prohibited by section 17(a)(2) of the Investment Company Act.

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1 Section 2(a)(30) of the Investment Company Act defines a "promoter" of a company as a "person who, acting alone or in concert with other persons, is initiating or directing, or has within one year initiated or directed, the organization of such company."

2 Section 2(a)(29) of the Investment Company Act defines a "principal underwriter" of or for any investment company other than a closed-end company as "any underwriter who as a principal purchases from such company . . . any such security for distribution".

3 See *Exemption of Transactions by Investment Companies with Certain Affiliated Persons*, Investment Company Act Release No. 10828 (Aug. 13, 1979) (amending rule 17a-6).

4. Rule 22c-1 of the Investment Company Act

Rule 22c-1 of the Investment Company Act provides that sales redemptions and repurchases of redeemable securities by registered investment companies, principal underwriters, dealers, and other persons designated in the prospectus as authorized to effect transactions, shall be effected at the net asset value next determined after the receipt of tender for redemption or of a purchase or sale order. The rule also specifies minimum requirements for the frequency and timing of computation of net asset value. The Sponsor, when purchasing Units from tendering Holders, complies with rule 22c-1 under the Investment Company Act.

5. Rule 2a-4 of the Investment Company Act

Rule 2a-4 of the Investment Company Act provides that the current net asset value of any redeemable security issued by a registered investment company used in computing periodically the current price for the purpose of distribution, redemption, and repurchase means an amount calculated in accordance with specified requirements and in the case of portfolio securities with respect to which market quotations are readily available requires that they are valued at current market value.

B. Discussion

1. Benefits of Redemptions In Kind

There often are circumstances in which a redemption in kind by an affiliated person may be appropriate and preferable to a cash redemption. For example, the Sponsor, while making a market in the Units of a Trust, can aggregate a larger number of such Units and then may seek to redeem those Units in a manner that is least disruptive to the Trust and its remaining investors. If the Sponsor seeks to redeem a substantial holding of Units, the need to generate cash to fund the redemption proceeds may require the prompt sale of large amounts of securities. The rapid sale of large blocks of securities, however, may cause the Trust to receive lower prices than it might have obtained in a more orderly disposition. Transaction costs may be borne by all investors, including those that do not redeem.

The Holders (including the non-redeeming Holders) may prefer in-kind redemptions over cash redemptions. The transaction costs that are associated with the sale of Securities to obtain cash to meet redemption requests are borne by all Holders, including those that do not redeem. An in-kind redemption would not cause a Trust to incur these transaction costs.

In *Signature Financial Group, Inc.* (pub. avail. Dec. 28, 1999) (the "Signature Letter"), the staff granted relief from section 17(a) to permit a registered open-end investment company to satisfy a redemption request from an affiliated person by means of an in-kind distribution of portfolio securities providing certain procedures were followed. The staff also noted that the exception in section 17(a)(1)(A) for the sale of

fund shares by an affiliated person back to the issuing fund would have little, if any utility if the accompanying transfer of cash to the affiliated person was considered to be a purchase prohibited by section 17(a)(2).

Currently, a redemption of Units by the Sponsor involves a two-step process: (1) the Trustee determines the number of shares of each of the securities in the Trust portfolio and the appropriate percentage represented by the fractional undivided interest in the Trust of the Units tendered for redemption (based on the redemption price per unit computed as of the evaluation time next following the tender of units for redemption); and (2) the Trustee sells the securities as of the close of business on the day of tender and remits the cash proceeds of the sale to the Sponsor. We propose that, with the precaution of the conditions described herein in place, that the Trustee would merely skip the second step and would distribute the securities in-kind to the Sponsor. As noted above, the staff recognized in the Signature Letter that there are potential benefits to redemptions in kind and was satisfied that certain redemption in-kind transactions involving affiliated persons could be effected fairly and not implicate the concerns underlying section 17(a).[4] UITs, like open-end investment companies, issue redeemable securities, the holders of which could also benefit by in-kind redemptions, as explained earlier. For the reasons and under the circumstances described below, we believe the staff can make a similar determination with the proposed in-kind distributions and, therefore, should grant the requested no-action relief.

2. Redemptions In Kind Are Not "Purchases" Under the Investment Company Act

We believe that treating redemptions in kind to be equivalent to "purchases" by an affiliated investor from the underlying investment company for purposes of section 17(a) is inconsistent with both common usage of the term "purchase" and the

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[4] See also *GE Institutional Funds* (pub. avail. Dec. 21, 2005) (no-action relief granted from Section 17(a) to an open-end management investment company acting on behalf of one or more of its investment portfolios to accept investment in-kind from certain affiliated investors); *Trust Funds Institutional Managed Trust* (pub. avail. July 20, 1988) (no-action relief granted from Section 17(a) to permit units of a short-term bond portfolio to be exchanged for units of a limited volatility bond portfolio under certain circumstances that complied substantially with the conditions of Rule 17a-7 under the Investment Company Act); *Metropolitan Series Fund, Inc.* (pub. avail. Aug. 29, 1986) (no-action relief granted from Section 17(a) to permit a life insurance company to transfer portfolio from one fund to another substantially in compliance with Rule 17a-7); *Federated Investors* (pub. avail. Apr. 21, 1994) (no-action relief granted from Section 17(a) to permit the assets of a common trust fund and collective investment fund to be transferred to certain registered funds substantially in accordance with the conditions of Rule 17a-7). While these letters provide useful support for the relief we are seeking, none of them involve UITs or the precise circumstances as described herein.

structure and intent of the Investment Company Act. The Investment Company Act itself odes not contain definitions of the terms "purchase" or "redemption," and it does not specify that redemptions in kind are subject to section 17(a). Judge Friendly in *SEC v. Sterling Precision Corp.*[5] ("Sterling Precision") provided an analysis concerning Congressional intent and the structure of the Investment Company Act with respect to in kind redemptions of Securities by an affiliate.

In *Sterling Precision*, the court considered whether section 17(a) of the Investment Company Act applied to a redemption of convertible debentures and convertible preferred stock issued by Sterling Precision and owned by The Equity Corporation, a registered investment company.[6] The court held that Sterling Precision's redemption of its securities did not constitute a "purchase" of those securities by an affiliate prohibited by section 17(a)(2)[7] Judge Friendly observed that "the normal discourse of lawyers sets redemptions apart from purchases."[8] Moreover, the decision noted that common usage did not regard a redemption as a "purchase" and that the Investment Company Act did not appear to require that all transactions with affiliates—particularly the "sale" of securities issued by an investment company back to the company—be regarded as purchases or sales for purposes of section 17(a).[9] The court concluded that Congress did not intend to include redemptions in accordance with a security's terms within the term "purchase" as used in section 17(a)(2).[10]

On rehearing, the court examined whether the exception in section 17(a)(1)(A) covering "sales" of investment company securities back to the issuer established that other redemptions should be regarded as purchases for purposes of section 17. The court considered the argument that the exception in section 17(a)(1)(A) was explicable in light of the general provisions relating to the redemption of investment company securities and

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5 393 F.2d 214 (2d Cir. 1968).

6 Because the convertible preferred stock held by The Equity Corporation represented 11.8% of Sterling Precision's outstanding voting securities, Sterling Precision was a downstream affiliated person of The Equity Corporation. Both the convertible debentures and the convertible preferred stock were redeemable by Sterling Precision at any time at specified prices. Sterling Precision decided that it wanted to terminate its status as an affiliate of The Equity Corporation, and called the securities owned by The Equity Corporation in substantial compliance with their terms.

7 The Commission has since exempted most transactions with pure downstream affiliates – entities that are affiliated persons simply because they are owned by the investment company – from the provisions of Section 17(a). See *Exemption of Transactions by Investment Companies with Certain Affiliated Persons*, Investment Company Act Release No. 10828 (Aug. 13, 1979) (amending rule 17a-6).

8 Sterling Precision at 217.

9 Id. at 218.

10 Id.

related matters in sections 22 and 23 of the Investment Company Act, presumably meaning that the court should not permit redemption transactions involving affiliated persons that were not covered by that explicit exception. The Court responded that, to the contrary, inspection of section 22 and 23 established that Congress enacted basic safeguards that apply to all redemptions and "did not regard affiliation as calling for special treatment of redemptions."[11]

We recognize, of course, that Judge Friendly's opinion did not reach the question of whether a distribution of portfolio securities by a unit investment trust to satisfy its legal obligation to redeem securities issued by it constitutes a "purchase" of the portfolio securities for purposes of section 17(a). To construe redemptions in kind with affiliates as prohibited by section 17(a)(2) would nullify a basic part of the legal relationship between a trust and certain investors. By definition under the Investment Company Act, a unit investment trust must issue only "redeemable securities." The definition of "redeemable security" expressly provides that the holder must be entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent thereof. Under common usage, the term "purchase" implies that there is a *quid pro quo* in which the purchaser contracts to acquire the purchased property. Yet the Investment Company Act clearly places the decision as to whether to redeem in cash or in kind in the hands of the investment company: the redeeming investor merely is entitled to its approximate share of net assets or the cash equivalent thereof.

3. Regulation of Redemptions Under the Investment Company Act—Protections Involving Pricing

Rather than being subject to section 17(a), we believe that redemptions are subject to a separate system of regulation under sections 22 and 23 of the Investment Company Act, which provide "certain basic safeguards" for all redemptions as recognized in *Sterling Precision*.[12] Foremost among those safeguards for registered investment companies is the obligation to redeem securities promptly pursuant to section 22(e): that section provides that an issuer of redeemable securities may not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption for more than seven days, except in certain limited circumstances when it may not be feasible to sell or value portfolio securities. Section 22(e) responded to the chief evils of redemptions noted in the legislative history, which related to suspensions of redemptions or failures to honor redemption provisions generally.[13]

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11 Id. at 220.

12 393 F.2d at 220.

13 See *Investment Trusts and Investment Companies: Hearings before a Subcomm. of the Senate Comm. on Banking and Currency*, 76th Cong., 3d Sess., pt. 2, at 985-90 (1940) ("Senate Hearings"). The Commission staff noted, for example, that some funds had modified their redemption provisions to require up to 48 days' or a year's advance notice before payment. Other funds had taken advantage of provisions in

In addition to assuring the basic right of redeemability, Congress enacted safeguards for the terms on which redemptions are effected. The definition of "redeemable security" provides for redemptions to be effected at approximately an investor's proportionate share of the fund's net assets. Congress also empowered the NASD and the Commission to regulate the relationship between a fund's current net asset value and the prices at which redeemable securities are sold and redeemed in order to eliminate or minimize any dilution of the value of the shares of the non-redeeming investors.[14] Under that authority the Commission has promulgated rules to ensure that sales and redemptions are effected at fair prices that will not dilute the interests of non-redeeming investors or confer unfair benefits on the redeeming investors. As previously described herein, Rule 22c-1 provides that sales and redemptions must occur at the next net asset value determined after the purchase or redemption order is received and Rule 2a-4 specifies how that net asset value must be determined. Taken together, these provisions require all redemptions to be effected at prices that are not advantageous to redeeming investors or disadvantageous to non-redeeming investors. As a result there will be no ability by the Sponsor to influence the evaluation of the Securities.

In contrast to the specific regulation of the valuation and timing of redemptions, Congress did not choose to enact any provisions restricting redemptions in kind. Redemption in kind was a feature of many investment companies before the passage of the Investment Company Act, yet the legislative history of the Investment Company Act is devoid of any indication of Congressional or Commission concerns about any redemptions in kind.[15] Moreover, the Commission staff study of the investment company industry that led to the passage of the Investment Company Act did not raise any problems with the application of redemption in kind provisions. Instead, as noted above, the study focused on problems in liquidating portfolio securities and abusive delays or suspensions of redemption, most or all of them relating to redemptions in cash, and did not involve any inequities or other problems involving redemptions in kind.[16]

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their declarations of trust permitting redemptions to be suspended under certain circumstances, such as the listing of the funds' shares on any securities exchange, even though the funds' disclosure documents made no mention of those provisions. In addition to section 22(e), section 13(a)(1) of the Investment Company Act addresses some of those abuses by prohibiting a fund from converting from open-end to closed-end status (or vice versa) without a vote of a majority of the outstanding voting securities.

14 Sections 22(a) and (c).

15 Senate Hearings, supra note 10, at 989-91 (reproducing SEC staff memorandum that summarized redemption provisions of several open-end companies).

16 Most of the problems in the area of redemptions noted by the SEC staff before the passage of the Investment Company Act involved either suspensions of redemptions, as discussed above, or the practical difficulties of raising cash to pay redemption

Rather, the Investment Company Act seems to contemplate that registered investment companies enjoy the flexibility to determine whether to redeem in kind or in cash. A direct result of the statutory obligation to redeem securities promptly after a tender is that it may be necessary or desirable to effect large scale redemptions in kind. The Investment Company Act generally gives the decision whether to redeem in cash or in kind to the management of the fund: as noted above, the definition of "redeemable security" expressly provides that the holder must be entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent thereof. The Commission has noted that "[t]his provision has traditionally been interpreted as giving the issuer the option of redeeming its securities in cash or in kind."[17]

4. Protections Under the Investment Company Act—Security Selection

As a matter of policy, the position we are requesting would not eliminate the application of the Investment Company Act to, and would confirm the existence of substantial investor protections for, redemptions in kind. As discussed above, the pricing and valuation requirements under the Investment Company Act applicable to redemptions generally specify the prices at which any redemptions might be effected. So long as a trust's portfolio securities are being valued consistently and in compliance with those requirements, a redemption in kind ensures that affiliated investors do not obtain portfolio securities at a more advantageous price than the market value or fair value normally used in determining the net asset value and effecting purchases and redemptions by all investors.[18]

Thus, the pricing provisions directly applicable to redemptions already address the concerns about affiliated transactions at disadvantageous prices that underlie section 17(a). By contrast, no such requirements of pricing and valuation govern actual purchases or sales of portfolio securities. The Investment Company Act does not regulate the amount or form of consideration that is permissible in those transactions. Accordingly, it is appropriate and consistent with the overall statutory scheme to subject those other dispositions, but not redemptions in kind, to the prohibition of section 17(a).

On some occasions, Commission exemptive orders involving redemptions in kind with affiliates have required portfolio securities to be distributed on approximately a *pro rata* basis.[19] Although the Investment Company Act, however, does not require

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proceeds. See supra note 10 (suspensions of redemptions). There was no discussion of any consequences of or problems with redemptions in kind.

17 Form N-18F-1, Investment Company Act Release No. 6401 (Mar. 24, 1971).

18 Cf. Sterling Prevision, 393 F.2d at 219 (recognizing that the repurchase of bonds for less than the specified redemption price would be a "purchase" subject to 17(a)(2)).

19 See, e.g. *The Advisors' Inner Circle Fund*, Investment Company Act Release No. 22581 (Mar. 25, 1997) (notice). Other funds have not used a principle of pro

redemptions in kind to be effect *pro rata*—either in general or in the case of affiliated investors[20]—the Trustee will only make *pro rata* in-kind distributions of the Securities in a Trust. This condition is intended to ensure that there is no opportunity for overreaching as it essentially eliminates the ability of any party to exercise any influence or control over the selection of the securities to be distributed.[21]

In addition, the Act and other applicable law also provide ample protections against potential abuses in the distribution of particular portfolio securities. In determining which securities to distribute in a redemption in kind, just as in determining which securities to liquidate to pay cash redemption proceeds, trustees are subject to strict fiduciary duties under federal and state law[22] and to specific obligations relating to valuation, redemptions.[23] Those duties require maintenance of the portfolio in the interests of all investors and thus provide a constraint preventing redemptions in kind from being effected to the detriment of unaffiliated investors.

Finally, we note that a purported "redemption" involving a distribution of securities *in excess of* the affiliated person's approximate proportionate share of the trust's net assets would not be a redemption within the usage of the Investment Company Act and would be a "purchase" of those securities subject to the prohibitions of section

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rata redemption in kind. See, e.g., *GMO Core Trust*, Investment Company Act Release No. 15979 (Sept. 15, 1987) (notice).

20 The provisions relating to redemptions in-kind in section 2(a)(32) of the Investment Company Act (the definition of redeemable security) does not call for pro rata redemptions. Instead, it contemplates only that an investor receives "approximately" his or her share of the fund's net assets, i.e. that the portfolio securities received by the investor have approximately the same value as the net asset value of the investor's interest in the fund.

21 See SR&F Base Trust, Investment Company Act Release Nos. 23297 (July 1, 1998) (notice) and 23364 (July 28, 1998) (order) (condition 2). See Investment Company Act Release No. 2231 (Sept. 28, 1955) (release adopting Rule 17a-5 under the Investment Company Act) ("none of the abuses against which section 17 of the [Investment Company] Act was directed are present in . . . a *pro rata* distribution" within the scope of the rule).

22 As a "trustee" (as that term is used) of each of the Trusts which are organized under New York law, the Trustee is subject to fiduciary duties of care and loyalty under state statutory and common law. Section 36(a) of the Investment Company Act provides that the Commission may bring action against a principal underwriter for breach of fiduciary duties involving personal misconduct.

23 Under section 2(a)(41) of the Act, in the absence of market quotations, "fair value" for portfolio securities must be determined in good faith by the board of directors or in accordance with procedures approved by the board. Under rule 22c-1, the board must approve the time of pricing for sales and redemptions."

17(a). When Judge Friendly held that a redemption of a security was a discharge of an obligation rather than a prohibited "purchase," he noted that "discharge through payment is effected only when a security is paid off in substantial accordance with its terms."[24] Accordingly, Judge Friendly preserved the application of the Investment Company Act to transactions that did not fit within the redemption rights of the holder. In such a case, the Commission and private parties could bring an action against the putatively redeeming investor for violating section 17(a).

III.

PROPOSED PROCEDURES FOR IN-KIND REDEMPTIONS

CGMI proposes to accept in-kind redemptions from a Trust only pursuant to certain procedures that are largely identical to the procedures the staff established in the Signature Letter. The procedures cannot be identical to either the Signature Letter or to the procedures set forth in Rule 17a-7 since the Trusts are each unit investment trusts which by definition have no board of directors to make quarterly reviews of the in-kind redemptions for any Trust. We believe that the role of the independent Trustee and Evaluator is largely analogous to that of a board of directors with a majority of members who are "not interested" within the meaning of section 2(a)(19) and that the procedures would adequately address the concerns underlying the prohibitions in section 17(a) of the Investment Company Act. The procedures are:

1. The redemption in kind is effected at approximately the redeeming Holder's (i.e. the Sponsor's) proportionate share of the distributing Trust's current net asset value, and thus does not result in the dilution of the interests of the remaining Holders of the Trust;

2. The distributed securities are valued in the same manner as they are valued for purposes of computing the distributing Trust's net asset value;

3. The redemption in kind is consistent with the distributing Trust's redemption policies and undertakings, as set forth in the Trust's prospectus;

4. Neither the Sponsor nor any other party with the ability and the pecuniary incentive to influence the redemption in kind selects, or influences the selection of, the distributed securities;

5. Upon an in-kind redemption by the Sponsor, the Trust distributes to the Sponsor its proportionate share of every Security in the Trust's portfolio;

6. The redemption in kind does not favor the Sponsor to the detriment of any other Holder;

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[24] Sterling Prevision, 393 F.2d at 219.

7. The Trustee to each Trust monitors each in-kind redemption on a quarterly basis for compliance with (1) through (6) above[25]; and

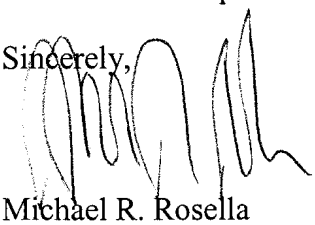
8. The distributing Trust maintains and preserves for a period of not less than six years from the end of the fiscal year in which the in-kind redemption occurs, the first two years in an easily accessible place, records for each in-kind redemption setting forth a description of the composition of the Trust's portfolio (including each asset's value) immediately prior to the distribution, a description of each security distributed in kind, the terms of the in-kind redemption, the information or materials upon which the asset valuations were made, and a description of the composition of the Trust's investment portfolio (including each asset's value) one month after the in-kind redemption.

IV.

CONCLUSION

For the reasons stated above, we respectfully request assurance from the staff that it will not recommend that the Commission take enforcement if a registered investment company organized as a unit investment trust satisfies redemption requests by an affiliate, such as a promoter or principal underwriter, by effecting distributions in kind under the circumstances described in this letter. Please call the undersigned at (212) 318-6800 or Gary Rawitz at (212) 318-6877 with any questions, need any additional information or which to discuss these matters further. In accordance with the provisions of Securities Act Release No. 6269 (December 5, 1980), we have enclosed seven additional copies of this no-action request.

Sincerely,



Michael R. Rosella
for Paul, Hastings, Janofsky & Walker LLP

cc: John L. Sullivan
Gary D. Rawitz, Esq.

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[25] As the trustee of each of the Trusts, which are organized under New York law, the Trustee is subject to fiduciary duties of care and loyalty under state statutory and common law. The Trustee will maintain and preserve, for the benefit of the Trusts, records reflecting the Trustee's quarterly monitoring of the in-kind redemptions, and these records will be maintained and preserved for the time and in a manner prescribed by procedure (8) herein.