

3. Applicants believe that the proposed transactions meet the standards of sections 6(c) and 17(b). All purchases and redemptions of shares of an Index Portfolio would be effected at current net asset value. A Fund of Index Fund's purchase and sale of shares of the Index Portfolios is consistent with the Fund of Index Funds' policy, as set forth in its registration statement. Applicants also believe that the proposed transactions are consistent with the general purposes of the Act.

C. Section 17(d) and Rule 17d-1

1. Section 17(d) prohibits an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from effecting any transaction in which such investment company is a joint, or joint and several, participant with such person in contravention of SEC rules and regulations. Rule 17d-1 provides that an affiliated person of a registered investment company or an affiliated person of such person, acting as principal, shall not participate in, or effect any transaction in connection with, any joint enterprise or other joint arrangement in which the registered investment company is a participant unless the SEC has issued an order approving the arrangement. The Vanguard Funds and TVGI are engaged in a joint enterprise within the meaning of section 17(d).

2. Applicants request an order under section 17(d) and rule 17d-1 to permit the Boards of Directors of the Vanguard Funds to modify the Funds' Service Agreement. Applicants believe that, for the reasons discussed above, the proposed amendments to the Funds' Service Agreement are consistent with the standards of rule 17d-1. Requiring a Fund of Index Funds to make an asset-related capital contribution to TVGI, when the assets of the Fund of Index Funds will already be bearing a capital assessment indirectly at the Index Portfolio level, would unfairly impose duplicative expenses upon the shareholders of the Fund of Index Funds, and confer an unjustified benefit on the acquired Index Portfolios, as well as the other Vanguard Funds, which will be deriving other benefits from the Fund of Index Funds' participation in TVGI.

Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

to grant relief from section 17(a) for an ongoing series of future transactions.

1. The Fund of Index Funds and each underlying Index Portfolio will be part of a group of investment companies which holds itself out to investors as related companies for purposes of investment and investor services, and which obtains corporate management, administrative, and distribution services from TVGI.

2. No underlying Index Portfolio shall acquire securities of any other investment company in excess of the limits contained in section 12(d)(1)(A) of the Act.

3. A majority of the directors of the Fund of Index Funds will not be "interested persons," as defined in section 2(a)(19) of the Act.

4. Before approving any advisory contract under section 15 of the Act, the board of directors of the Fund of Index Funds, including a majority of the directors who are not "interested persons," as defined in section 2(a)(19), shall find that advisory fees charged under such contract are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to any underlying Index Portfolio's advisory contract. Such finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the Fund of Index Funds.

5. Any sales charges or service fees charged with respect to securities of the Fund of Index Funds, when aggregated with any sales charges or service fees paid by the Fund of Index Funds with respect to shares of the underlying Index Portfolios, shall not exceed the limits set forth in Article III, section 26, of the Rules of Fair Practice of the National Association of Securities Dealers, Inc.

6. The applicants agree to provide the following information, in electronic format, to the Chief Financial Analyst of the SEC's Division of Investment Management: monthly average total assets for each Fund of Index Funds portfolio and each of its underlying Index Portfolios; monthly purchases and redemptions (other than by exchange) for each Fund of Index Funds portfolio and each of its underlying Index Portfolios; monthly exchanges into and out of each Fund of Index Funds Portfolio and each of its underlying Index Portfolios; month-end allocations of each Fund of Index Funds portfolio's assets among its underlying Index Portfolios; annual expense ratios for each Fund of Index Funds portfolio and each of its underlying Index Portfolios; and a description of any vote taken by the shareholders of any underlying Index Portfolio, including a statement of the percentage of votes cast for and

against the proposal by the Fund of Index Funds and by the other shareholders of the underlying Index Portfolios. Such information will be provided as soon as reasonably practicable following each fiscal year-end of the Fund of Index Funds (unless the Chief Financial Analyst shall notify applicants in writing that such information need no longer be submitted).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-27885 Filed 11-9-95; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF STATE

Bureau of Political-Military Affairs

[Public Notice 2286]

Policy on Munitions Export Licenses to Ecuador and Peru

AGENCY: Department of State.

ACTION: Public notice.

SUMMARY: Pursuant to Sections 38 and 42 of the Arms Export Control Act, notice is hereby given that it is no longer the policy of the United States to deny all requests for licenses and other approvals to export or otherwise transfer lethal items to Ecuador or Peru. All requests will henceforth be reviewed on a case-by-case basis.

EFFECTIVE DATE: November 13, 1995.

FOR FURTHER INFORMATION CONTACT: Brian D. Bachman, Office of Arms Transfer and Export Control, Bureau of Political-Military Arms Transfer and Export Control, Bureau of Political-Military Affairs, Department of State (202-647-4231).

SUPPLEMENTARY INFORMATION: Effective immediately, it is no longer the policy of the U.S. Government to deny all requests for licenses and approvals to authorize the export or other transfer of lethal items to Ecuador and Peru. All requests will henceforth be reviewed on a case-by-case basis.

Exports will be evaluated in light of the recent conflict between these countries and the desirability of promoting multilateral restraint in arms transfers to Peru and Ecuador.

The licenses and approvals subject to this policy include those which permit commercial defense and service exports of any kind (e.g. exemptions and licenses and other approvals for licenses for manufacturing, license agreements, technical assistance agreements, and

technical data exports) involving Ecuador and Peru under the authority of the Arms Export Control Act.

This action has been taken pursuant to Sections 38 and 42 of the Arms Export and Control Act (22 U.S.C. 2778, 2791) and Section 126.7 of the International Traffic in Arms Regulations in furtherance of the foreign policy of the United States.

Dated: November 6, 1995.

Thomas E. McNamara,
Assistant Secretary, Bureau of Political-
Military Affairs, Department of State.
[FR Doc. 95-27957 Filed 11-9-95; 8:45 am]
BILLING CODE 4710-25-M

DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGD 95-076]

National Preparedness for Response Exercise Program (PREP)

AGENCY: Coast Guard, DOT.

ACTION: Notice of PREP area exercise schedule for 1996, 1997 and 1998, and summary of the PREP Annual Workshop.

SUMMARY: The Coast Guard, the Environmental Protection Agency (EPA), the Research and Special Programs Administration (RSPA) and the minerals management Service (MMS), in concert with the states, the oil industry and concerned citizens, developed the Preparedness for Response Exercise Program (PREP). This notice announces the schedule of the Area Exercises for 1996, 1997 and 1998. It also provides a summary of the annual public workshop held on June 14, 1995, in Alexandria, VA.

DATES: Industry members interested in leading an Industry-led Area Exercise or participating in a Government-led Area Exercise should submit their requests directly to the USCG or EPA On-Scene Coordinator (OSC) in the appropriate Area as soon as possible, but no later than 3 months before conducting the exercise. Industry representatives should indicate the date and location of the exercise in which they are interested in participating or leading. Once the OSC has chosen an industry plan holder for an Industry-led Area Exercise or as participant for the Government-led Exercise, the OSC will contact the National Scheduling Coordinating Committee (NSSC) at the address listed below.

ADDRESSES: Written comments should be mailed to COMMANDANT (G-MRO-2), Room 2100, U.S. Coast Guard

Headquarters, 2100 Second Street SW, Washington, DC, 20593-0001. Attn: Ms. Karen Sahatjian.

FOR FURTHER INFORMATION CONTACT: Ms. Karen Sahatjian, Office of Marine Safety, Security and Environmental Protection, Response Division, (G-MRO-2), (202) 267-2850. PREP Guidelines and Training Elements, previously available through Coast Guard Headquarters, are now available from the Government Printing Office, (202) 512-1800. Stock numbers and cost for each manual are: PREP GUIDELINES—050-012-00365-3 COST: \$3.75; TRAINING REFERENCE—050-012-00364-5 COST: \$8.50.

SUPPLEMENTARY INFORMATION:

Background Information

The Coast Guard, EPA, RSPA and MMS developed the National Preparedness for Response Exercise Program (PREP) to provide guidelines for compliance with the Oil Pollution Act of 1990 (OPA 90) pollution response exercise requirements (33 U.S.C. 1321(j)). OPA 90 requires periodic unannounced drills. See 33 U.S.C. 1321(j)(7). However, the working group (comprised of Coast Guard, EPA, RSPA, MMS, state representatives, and industry representatives) determined that the PREP Guidelines should also include announced drills. See 33 CFR 154.1055(a)(5) and 155.1060(d), and 40 CFR part 112. This notice addresses announced drills only. The guiding principles for PREP distinguish between internal and external exercises. Internal exercises are conducted within the plan holder's organization. External exercises extend beyond the plan holder's organization to involve other members of the response community. External exercises are separated into two categories, Area exercises, and Government-initiated unannounced exercises. These exercises are designed to evaluate the entire response mechanism in a given Area to ensure adequate pollution response preparedness. The goal of the PREP is to conduct approximately 20 Area exercises per year, with the intent of exercising most Areas of the country over a three year period. This notice sets forth the Area exercise schedule for calendar years 1996, 1997 and 1998.

The National Scheduling Coordinating Committee (NSCC) conducts an annual public workshop. In the past, this workshop focused on the upcoming schedule; however, this year, the workshop included presentations from a variety of individuals with experiences participating in or conducting Area Exercises. This notice

also provides a summary of the workshop.

Summary of PREP Workshop

On June 14, 1995, the Coast Guard, EPA, RSPA Office of Pipeline Safety (OPS), and MMS hosted the second annual PREP Workshop. The following provides a brief summary of the points raised by the Workshop participants. A more complete summary is available on the Coast Guard Navigation Information Service (NIS) Electronic Bulletin Board (BBS) at 703-313-5910.

The workshop was opened by speakers from the four Federal Agencies: Captain Michael Donohoe, USCG; Chris Hoidal, OPS; Ann Whalen, EPA Region 5; and Carl Anderson, MMS. The objectives of the workshop were to ensure that the program is effective for the entire response community; share industry experiences on internal exercises; and identify industry concerns regarding participation in Area exercises in an effort to increase their participation. All four Federal Agency representatives agreed that their Agencies were committed to making the exercise program work for the entire response community.

A panel of industry representatives was convened to give their perspectives of the Area exercise and share their experiences. Tiffany Rau of ARCO Marine, Inc., described ARCO's participation in a Government-led Area Exercise. She said that it was, overall, a positive experience and enabled them to become familiar with area resources and personnel available during an incident. There were negative considerations also. The planning process is very time consuming. Additionally, PREP does not allow for maximum participation of industry management during an exercise. Ms. Rau believed that this is not representative of an actual incident when the government would have minimal participation if the responsible party was responding to the oil spill. Ms. Rau also said that if a company wants to have an exercise with the government, then it is best to volunteer for a PREP Area Exercise.

Dick Wilson and Joel Larkin of Buckeye Pipeline discussed their experience with an Industry-led Area Exercise in the inland zone. Mr. Wilson said that he supports PREP because it reinforces government relations in advance of real incidents. Furthermore, this exercise allowed Buckeye to demonstrate their commitment and competence. Overall, both Mr. Wilson and Mr. Larkin felt that the exercise was meaningful for all participants. The