

stockholders than the present listing on the Amex because trading firms are reluctant to trade or market securities listed on the Amex and that this has been a factor in the thin volume and lack of interest in the Company's Security. Also, because firms have not been interested in trading the Company's Security, it has been difficult to obtain research coverage for the Company. As a result, it is the Board's belief that the Company's investors have not been as well served by an Amex listing as they are likely to be by a NNM listing.

Any interested person may, on or before July 1, 1996 submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

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

Jonathan G. Katz,
Secretary.

[FR Doc. 96-15109 Filed 6-13-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-37290; File No. SR-NSCC-96-05]

**Self-Regulatory Organizations;
National Securities Clearing
Corporation; Order Approving
Proposed Rule Change Modifying the
Automated Customer Account
Transfer Service To Facilitate the
Transfer of Shares Being Tracked in
the Initial Public Offering Tracking
System**

June 7, 1996.

On February 27, 1996, the National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-NSCC-96-05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") which modifies NSCC's Automated Customer Account Transfer ("ACAT") service.¹ Notice of the proposal was published on March 12, 1996, in the Federal Register to solicit comments on the proposed rule

change.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description

NSCC's proposed rule change modifies NSCC's rules relating to its ACAT service to facilitate the transfer of shares which are purchased in an initial public offering ("IPO") and which are being tracked in The Depository Trust Company's ("DTC") IPO Tracking System.³

NSCC, through its ACAT service, currently provides an automated and standardized service for the transfer of assets in a customer account from one brokerage firm to another. The proposed rule change modifies NSCC's Rule 50 to state that shares to be transferred through the ACAT system that are being tracked through DTC's IPO Tracking System will not be entered into NSCC's Continuous Net Settlement ("CNS") accounting operation even if such shares are CNS eligible.⁴ Rule 50 also states that NSCC will prepare ACAT receive and deliver orders for such shares.

Under DTC's IPO Tracking System, broker-dealers will have IPO control accounts at DTC for IPO shares and free accounts for shares purchased in the secondary market. The segregated accounts aid in tracking the movement of IPO shares. In NSCC's CNS system, deliver obligations must be made from the free account. If IPO shares for which there is an ACAT deliver obligation were to settle in NSCC's CNS system, the shares would have to be moved out of the DTC member's segregated IPO control account and into the DTC member's free account. The IPO Tracking System would register the movement from the IPO control account into the free account as a flip⁵ and

would no longer be able to track the shares.

NSCC's proposed rule change requires IPO shares transferred through the ACAT service to be delivered ex-CNS (i.e., outside of the CNS system). The shares will be delivered pursuant to DTC's new IPO customer account transfer function where the shares will continue to be tracked and will not register as flipped even though they are subject to an ACAT deliver obligation.

II. Discussion

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and particularly with the requirements of Sections 17A(b)(3) (A) and (F).⁶ Sections 17A(b)(3) (A) and (F) require that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission believes that NSCC's rule change meets this standard because by implementing these changes to its ACAT service, NSCC will make it easier and more efficient to transfer IPO securities held in customer accounts at one broker-dealer to another broker-dealer. Without this enhancement, IPO shares transferred through NSCC's ACAT service from one brokerage account to another would register as a flip in DTC's IPO Tracking System. When shares register as a flip, syndicate members may forfeit the concession they earn from the initial sale to the retail customer. As a result, retail customers could be discouraged from transferring their accounts during the tracking period. As a result of this rule change, transfers of customer IPO securities through DTC's IPO Tracking System will be accurately recorded thereby enhancing retail investors' ability to transfer their accounts.

The proposed rule change is an important component in creating an accurate tracking system. The tracking system is intended to reduce the number of IPO transactions that settle through delivery of physical certificates and to increase the number of IMP transactions settled through book entry. By enhancing the IPO Tracking System as described above, the proposal will further promote the prompt and

² Securities Exchange Act Release No. 36931 (March 6, 1996), 61 FR 10050.

³ This filing is made in conjunction with DTC's proposed rule change seeking to implement the IPO Tracking System. The IPO Tracking System will allow lead managers and syndicate members of equity underwritings to monitor flipping of new issues in an automated book-entry environment. For a complete description of the IPO Tracking System, refer to Securities Exchange Act Release No. 37208 (May 13, 1996), 61 FR 25253 (order approving a proposed rule change seeking to implement the IPO Tracking System).

⁴ CNS Eligible securities are those securities that are eligible for transfer on the books of a securities depository registered with the Commission under Section 17A of the Act and that are contained in a list maintained by NSCC as subject to clearance and settlement in its CNS system.

⁵ Flipping occurs when a syndicate's lead manager is supporting the IPO with a stabilization bid (i.e., the lead manager is purchasing shares in the secondary market in order to keep the price of the issue from dropping its initial offering price)

and when securities that had been distributed to investors are resold by those investors in the secondary market back to the syndicate. The lead manager may wish to identify flipped transactions so that underwriting concessions (the discount from the offering price received by the syndicate member) can be recovered from the appropriate syndicate members.

⁶ 15 U.S.C. 78q-1(b)(3) (A) and (F) (1988).

¹ 15 U.S.C. 78s(b)(1) (1988).

accurate clearance and settlement of securities transactions.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with Sections 17A(B)(3) (A) and (F) of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-96-05) be and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-15182 Filed 6-13-96; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 35-26530]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

June 7, 1996.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by July 1, 1996, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

New England Electric System (70-8819)

New England Electric System ("NEES"), 25 Research Drive, Westborough, Massachusetts 05182, a registered holding company, has filed an application-declaration under sections 6(a), 7, 9(a), 10, 12, and 13(b) of the Act and rules 45, 90 and 91 thereunder.

The Federal Energy Regulatory Commission ("FERC") has recently promulgated guidelines setting forth requirements for open and comparable transmission access. In response, NEES seeks to establish a subsidiary to be named NEES Transmission Services, Inc. ("NEES Trans"), for the purpose of operating the transmission assets owned by, or subject to the control of, NEES' utility subsidiaries ("NEES Transmission Assets").

In operating these assets, NEES will serve as the interface between wholesale electric customers and the NEES transmission system as the transmission service provider. NEES Trans will serve both associates and nonassociates and will charge the same tariff to each. NEES Trans will make no retail sales of electricity.

Rights to operational control over the NEES Transmission Assets will be provided by a Transmission and Support Agreement ("Agreement") among NEES, NEES Trans, and NEES' utility subsidiaries Massachusetts Electric Company ("MEC"), The Narragansett Electric Company ("NERC"), Granite State Electric Company (together with MEC and NEC, "Retail Companies") and New England Power Company ("NEP"). Pursuant to the Agreement, NEES Trans will have operational control over the NEES Transmission Assets only to the extent necessary to accomplish a FERC-jurisdictional transmission transaction. The Agreement also grants NEES Trans use of the distribution systems of the Retail Companies as they may be needed to support wholesale transactions.

NEES does not propose to transfer ownership of the NEES Transmission Assets to NEES Trans at this time. However, NEES will have the responsibility of planning the expansion of the transmission system and will notify NEP of the need for additions to the system. NEES Trans will have the obligation to expand transmission capacity as needed, to arrange for NEES affiliates to license, engineer and construct the necessary additions, and to provide operational services necessary to maintain transmission system reliability.

NEES proposes to provide initial financing for NEES Trans by the purpose of one thousand shares of common stock, par value \$1.00 per share, for a total purchase price of \$1,000. NEES then proposes to make capital contributions and/or loans to NEES Trans from time to time, in amounts not to exceed \$10 million in the aggregate outstanding at any one time. Any such loans will be in the form of non-interest bearing subordinated notes payable in twenty years or less from the date of issue. NEES requests authority to make such investments through December 31, 1999.

NEES Trans additionally seeks authority through October 31, 1997 to borrow and lend money in the NEES Money Pool, the terms of which are described in an order of the Commission dated October 25, 1995 (HCAR No. 25399), and to borrow from banks on a short-term basis. NEES proposes that NEES Trans have access to the NEES Money Pool on the same priority as the Retail Companies. The aggregate principal amount of debt outstanding under this authority will not at any time exceed \$15 million. Amounts owed under the Money Pool would be payable on demand. Amounts owed to banks for short-term borrowings would be payable within one year.

The proceeds from the proposed borrowings are to be used (i) to pay then outstanding notes initially issued to banks and/or borrowings from the Money Pool and (ii) for other cooperative purposes relating to ordinary business operations, including working capital, and funds to cover timing differences in payments received and payments due.

NEES' utility subsidiaries and NEES' service company subsidiary, New England Power Service Company, may assign certain technical and support staff personnel to NEES Trans to work on NEES Trans operations. Not more than two percent of the total employees of such companies would be assigned to NEES Trans in any one year. All costs associated with such staff (including compensation, overheads, and benefits) would be fully reimbursed by NEES Trans in accordance with rules 90 and 91 of the Act.

Central Power and Light Company, et al. (70-8869)

Central Power and Light Company ("CPL"), 539 North Carancahua Street, Corpus Christi, Texas 78401-2802, Public Service Company of Oklahoma ("PSO"), 212 East Sixth Street, Tulsa, Oklahoma 74119-1212, and West Texas Utilities Company ("WTU"), 301 Cypress, Abilene, Texas 79601 (collectively, "Applicants"), each a

⁷ CFR 200.30-3(a)(12) (1995).