a Company is a party (the ''Section 17 Transactions'') will be effected only if the Manager determines that: (i) The terms of the transaction, including the consideration to be paid or received, are fair and reasonable to the Members of such Company and do not involve overreaching of such Company or its Members on the part of any person concerned; and (ii) the transaction is consistent with the interests of the Members of such company, such Company's organizational documents, and such Company's reports to its Members. In addition, the Manager of each Company will record and preserve a description of such affiliated transactions, the Manager's findings, the information or materials upon which the Manager's findings are based, and the basis therefor. All records relating to an investment program will be maintained until the termination of such investment program and at least two years thereafter, and will be subject to examination by the SEC and its staff.[5]

2. In connection with the Section 17 Transactions, the Manager of each Company will adopt, and periodically review and update, procedures designed to ensure that reasonable inquiry is made, prior to the consummation of any such transaction, with respect to the possible involvement in the transaction of any affiliated person or promoter of or principal underwriter for such Company, or any affiliated person of such a person, promoter, or principal underwriter.

3. The Manager of each Company will not invest the funds of such Company in any investment in which a ''Co-Investor'' (as defined below) has acquired or proposes to acquire the same class of securities of the same issuer, where the investment involves a joint enterprise or other joint arrangement within the meaning of rule 17d–1 in which such Company and the Co-Investor are participants, unless any such Co-Investor, prior to disposing of all or part of its investment, (i) gives such Manager sufficient, but not less than one day, notice of its intent to dispose of its investment; and (ii) refrains from disposing of its investment unless such Company has the opportunity to dispose of such Company's investment prior to or concurrently with, on the same terms as, and pro rata with the Co-Investor. The term ''Co-Investor'' with respect to any Company means any person who is: (i) An ''affiliated person'' (as such term is defined in the Act) of such Company (other than a Third Party Fund); (ii) DLJ; (iii) an officer or director of DLJ; or (iv) a company in which the Manager acts as a general partner or has a similar capacity to control the sale or other disposition of the company's securities. The restrictions contained in this condition, however, shall not be deemed to limit or prevent the disposition of an investment by a Co-Investor: (i) To its direct or indirect wholly-owned subsidiary, to any company (a ''Parent'') of which such Co-Investor is a direct or indirect wholly-owned subsidiary, or to a direct or indirect wholly-owned subsidiary of its Parent; (ii) to immediate family members of such Co-Investor or a trust or other investment vehicle established for any such family member; (iii) when the investment is comprised of securities that are listed on any exchange registered as a national securities exchange under section 6 of the Exchange Act; (iv) when the investment is comprised of securities that are national market system securities pursuant to section 11A(a)(2) of the Exchange Act and rule 11Aa2–1 thereunder; or (v) when the investment is comprised of securities that are listed on or traded on any foreign securities exchange or board of trade that satisfies regulatory requirements under the law of the jurisdiction in which such foreign securities exchange or board of trade is organized similar to those that apply to a national securities exchange or a national market system for securities.

4. Each Company and the Manager will maintain and preserve, for the life of such Company and at least two years thereafter, such accounts, books, and other documents as constitute the record forming the basis for the audited financial statements that are to be provided to the Participants in such Company, and each annual report of such Company required to be sent to such Participants, and agree that all such records will be subject to examination by the SEC and its staff.[6]

5. The Manager of each Company will send to each Participant in such Company who had an interest in any capital account of such Company, at any time during the fiscal year then ended, Company financial statements audited by such Company's independent accountants. At the end of each fiscal year, the Manager will make a valuation or have a valuation made of all of the assets of the Company as of such fiscal year end in a manner consistent with customary practice with respect to the valuation of assets of the kind held by the Company. In addition, within 120 days after the end of each fiscal year of each Company or as soon as practicable thereafter, the Manager of such Company will send a report to each person who was a Participant in such Company at any time during the fiscal year then ended, setting forth such tax information as shall be necessary for the preparation by the Participant of his or its federal and state income tax returns and a report of the investment activities of such Company during such year.

6. In any case where purchases or sales are made by a Company from or to an entity affiliated with such Company by reason of a 5% or more investment in such entity by a DLJ director, officer, or employee, such individual will not participate in such Company's determination of whether or not to effect such purchase or sale.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–14209 Filed 5–30–97; 8:45 am]

BILLING CODE 8010–01–M

[5] Each Company will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

[6] Each Company will preserve the accounts, books and other documents required to be maintained in an easily accessible place for the first two years.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–26720]

Filings Under the Public Utility Holding Company Act of 1935, as amended (''Act'')

May 23, 1997.

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 June 16, 1997, 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(ea) 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 shall 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.

The Southern Company (70–8961)

The Southern Company (''Southern''), 270 Peachtree Street, Atlanta, Georgia 30303, a registered holding company, has filed a declaration pursuant to sections 12(b) of the Act and rule 45 and 54 thereunder.

Southern proposes that, from time-to-time on or before December 31, 2003, it may guarantee indebtedness incurred by Southern Company Services, Inc. (''Services''), its subsidiary service company, in an aggregate outstanding amount of up to $200 million under one or more of the following borrowing methods.

Services may issue and sell new notes (''Proposed Notes'') to a lender or lenders other than Southern. The Proposed Notes would be issued under an agreement(s) with the lender(s) and may be guaranteed by Southern as to principal, premium, if any, and interest. The proposed notes may have terms of up to 30 years, contain sinking funds and bear interest at a rate or rates not to exceed 3½ percentage points per annum over the rate for United States Treasury securities of corresponding maturity at the time the lender(s) commit to purchase the particular issue. Services may engage an agent to place the proposed notes for a commission not in excess of ½ of 1% of the principal amount borrowed.

Services also may effect short-term or term-loan borrowings under one of more revolving credit commitment agreements. Short-term borrowings under such agreement(s) would have a maximum maturity of one year and term loans would have maturities up to 10 years. It is expected that the borrowings would be evidenced by a ''grid'' promissory note to be dated the date of the initial borrowing and the date of each borrowing thereafter when a ''grid'' short-term or term-loan note, as they case may be, is not outstanding (''Grid Notes'').

The Grid Notes would bear interest at rates to be negotiated with the lending bank or banks. Borrowings under the proposed revolving credit commitment agreements would be at rates per annum not in excess of: (1) The lender's prime or base (''Prime'') rate plus 1%; (2) the lender's certificate of deposit (''CD'') rate plus 1¾%; and (3) the lender's LIBOR plus 2%. Services also may negotiate separate rates for particular borrowings, an option Services would pursue only if the resulting rates are considered more favorable than those otherwise available under the commitments. In addition, it is expected that Services will be obligated to pay a commitment fee not in excess of ½ of 1% per annum of the unused portion of each lending bank's commitment.

Services also may effect short-term borrowings from certain banks and other institutions. These borrowings will be evidenced by notes to be dated as of the date of such borrowings and to mature in not more than 10 years after the date of issue, or by ''grid'' notes evidencing all outstanding borrowings from each lender to be dated as of the date of the initial borrowing and to mature in not more than 10 years after the date of issue. Generally, borrowings will be prepayable in whole, or in part, without penalty or premium, and will be at rates per annum not in excess of: (1) The Prime rate; (2) the CD rate plus 1%, and LIBOR plus 1%. Services also may negotiate separate rates for, and/or agree not to prepay, particular borrowings if it is considered more favorable to Services. Compensation for the credit facilities, not to exceed ½ of 1% per annum of the amount of the facilities, is expected to be provided by balances or comparable fees in lieu of balances.

Unitil Corporation (70–9047)

Unitil Corporation (''Unitil''), 6 Liberty Lane West, Hampton, New Hampshire 03842–1270, a registered holding company, has filed a declaration under section 12(b) of the Act and rule 45 thereunder.

Unitil proposes to guarantee the lease payment obligations of its service company subsidiary, Unitil Service Corporation (''Unitil Service''), to Unitil Realty Corp. (''Unitil Realty''), its real estate subsidiary company, under a lease agreement (''Lease''), in an amount not to exceed $12 million.

In August 1996, Unitil Realty completed construction of a new corporate office facility for Unitil Service in Hampton, New Hampshire (''Facility'') at a cost of approximately $9 million. Unitil Service is the only tenant of the Facility.

Unitil Realty has received a commitment for permanent debt financing for the Facility. In order for Unitil Realty to obtain the most favorable financing rate, Unitil proposes to guarantee Unitil Service's obligations under the Lease. Under the Lease, Unitil Service is obligated to pay rent payments covering the cost of principal and interest to Unitil Realty, return on equity for Unitil Realty and certain other expenses such as property taxes, insurance, utilities, repairs, maintenance, leasehold improvements and alterations.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–14210 Filed 5–30–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–38671; File No. SR–PHLX–97–04]

Self-Regulatory Organizations; Order Partially Approving and Granting Accelerated Approval of Amendment No. 2 to a Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Establishing a 4:02 p.m. Closing Time for Equity and Narrow-Based Index Options Trading, and Modifying Option Trading Rotation Procedures

May 23, 1997.

I. Introduction

On January 8, 1997, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder.[2] On January 29, 1997, the Exchange filed Amendment No. 1 to the rule proposal.[3] On April 4, 1997, the Exchange filed Amendment No. 2 to the proposed rule change.[4] On April 23, the Exchange filed Amendment No. 3 to the proposed rule change.[5]

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Letter from Theresa McCloskey, Exchange, to Janice Mitnick, Commission, dated January 29, 1997. Amendment No. 1 is a technical amendment, correcting rule language in Rule 1047, Commentary .03(c), which was submitted as Exhibit B with the rule filing.

[4] Letter from Philip H. Becker, Exchange, to Michael A. Walinskas, Commission, dated April 4, 1997. Amendment No. 2 proposes a 4:02 p.m. close of trading for narrow-based index options and modifies option trading rotation procedures. Amendment No. 2 originally contained a proposal modifying Exchange index option exercise cut-off procedures. However, this proposal was resubmitted in Amendment No. 3, constituting a withdrawal of such proposal from Amendment No. 2.

[5] File No. SR–PHLX–97–04, Amendment No. 3, dated April 22, 1997. Amendment No. 3 proposes to amend Rule 1042A and Floor Procedure Advice G–1 to change the index option exercise cut-off time