

Services Corporation ("Energy Services"), One Park Ridge Center, P.O. Box 15746, Pittsburgh, Pennsylvania 15244-0746, and CNG Power Company ("Power"), One Park Ridge Center, P.O. Box 15746, Pittsburgh, Pennsylvania 15244-0746, a nonutility subsidiary company of Energy Services, have filed an application-declaration under sections 6(a), 7, 12(b), 13 and 32 of the Act and rules 45, 53, 54, 83, 87, 90 and 91 under the Act.

CNG proposes that Power become the vehicle for CNG investments in exempt wholesale generators ("EWGs") in the U.S. Investments in EWGs would be made with internally generated funds. CNG proposes that intermediate companies be formed to make EWG investments ("Intermediate Companies"). The Intermediate Companies will be special-purpose subsidiaries that may acquire interests in other corporations, joint ventures, partnerships, and other investment entities created to invest in EWGs.

CNG, Energy Services, Power and its subsidiary companies, including the Intermediate Companies, seek Commission authorization to enter into guarantee arrangements, to obtain letters of credit, and otherwise to provide credit support through December 31, 2002 with respect to EWG investments. The maximum aggregate limit on all such credit support would be \$150 million.

Energy Services and its affiliates propose to perform services or construction for, or sell goods to, EWGs in which Power has acquired an interest. Services, construction and goods may be market-priced if the EWGs provide no services, construction or goods to CNG utility companies in the U.S.

Energy Services and its affiliates also propose to contract with CNG companies to provide those services, construction and goods to EWGs. Services, construction and goods obtained from U.S. CNG utility companies would be cost-priced but services, construction and goods from CNG non-utility subsidiary companies would be cost-priced or market-priced—provided that services, construction and goods from CNG non-utility subsidiary companies "substantially" involved in the provision of services, construction or goods to U.S. CNG utility companies would be cost-priced.

Energy Services has authorized capital of 4,000 shares of common stock, \$1.00 par value per share ("Common Stock"). CNG proposes to change the par value of each share of Common Stock from \$1.00 to \$10,000 and increase the authorized shares to 50,000

shares. CNG states that the issuance of addition Common Stock for \$10,000 per share will allow Energy Services to consummate additional equity financing for the proposed transitions and for other authorized or exempt transactions.

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

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39389; File No. SR-CBOE-97-60]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to Transaction Fees for Options on the Standard & Poor's 100 Stock Index

December 3, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 20, 1997, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CBOE proposes to modify the Exchange transaction fees applicable to transactions in options on the Standard & Poor's 100 Stock Index ("OEX").

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in

sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange recently filed with the Commission a proposed rule change³ in which the Exchange informed the Commission that Standard & Poor's ("S&P") intended to reduce the value of its S&P 100 Stock Index ("Index") to one-half of its present value by doubling the divisor used in calculating the Index.⁴ In connection with the "split" of the OEX, the Exchange has evaluated the appropriateness of the current fee schedule and has determined to reduce the transaction fees applicable to transactions in OEX. The current and proposed transaction fees absent any reduction or rebate⁵ are: (1) For customer trades for options with a premium less than \$1—current: \$0.20 per contract side; proposed: \$0.15 per contract side; (2) for customer trades of options with a premium equal to or greater than \$1—current: \$0.40 per contract side; proposed: \$0.30 per contract side; (3) for member firm proprietary trades—current: \$0.10 per contract side; proposal: \$0.06 per contract side; and (4) for market-maker trades—current: \$.06 per contract side; proposed: \$.05 per contract side. The foregoing fee changes are being implemented by the Exchange pursuant to CBOE Rule 2.22. The Exchange will distribute a circular to its members to notify them of these fee changes.

The Exchange is adopting this fee reduction for transactions in OEX options in order to promote trading in these options after the split in OEX. The Exchange believes that the reduction in the fees may encourage more participation in the trading of these options.

³ The Commission approved the proposed rule change on November 19, 1997. See Securities Exchange Act Release No. 39338, 62 FR 63209 (November 26, 1997) (order approving File No. SR-CBOE-97-48).

⁴ According to the Exchange, the value of the Index was reduced by one-half effective November 24, 1997. Telephone conversation between Timothy Thompson, Senior Attorney, CBOE, and Deborah Flynn, Division of Market Regulation, Commission, on December 2, 1997.

⁵ The fees may actually be less than these amounts pursuant to the Exchange's Prospective Fee Reduction Schedule, the Customer Large Trade Discount Program, and rebate programs that have been filed with the Commission as part of the Exchange's fee schedule.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(4) of the Act⁷ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other changes among CBOE members.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose a burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange and therefore has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and subparagraph (e) of Rule 19b-4⁹ thereunder. At any time within 60 days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submissions, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in

the Commission's Public Reference Room, 450 Fifth Street NW., Washington, DC. Copies of such filing also will be available for inspection and copying at the CBOE. All submissions should refer to File No. SR-CBOE-97-60 and should be submitted by January 2, 1998.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39401; File No. SR-Plx 97-48]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto by the Philadelphia Stock Exchange, Inc. Relating to the Extension and Amendment of the Pilot Program for Equity and Index Option Specialist Enhanced Parity Splits

December 4, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on November 5, 1997, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On November 14 1997, the Exchange filed with the Commission Amendment No. 1 to the proposed rule change.² The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to extend until December 31, 1998, the Exchange's enhanced parity split pilot program for equity and index option specialists ("Pilot Program"). The Pilot Program is

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Amendment No. 1 is a report which discusses the impact of the Exchange's Pilot Program for Equity and Index Option Specialist Enhanced Parity Splits. See Letter from Michele R. Weisbaum, Vice President and Associate General Counsel, Exchange, to Michael Walinskas, Esquire, Division of Market Regulation, Commission, dated November 7, 1997.

currently scheduled to expire on December 31, 1997. The Exchange also seeks to modify the application of the Pilot Program so that: (i) the enhanced parity split would not apply to all index options, in addition to applying to 50% of each specialist's equity options and all new options allocated to the specialist during the year; and (ii) specialists would be permitted to revise the list of eligible equity options on a quarterly basis, rather than annually. The proposed rule change will revise Exchange Rule 1014(g) "Equity Option and Index Option Priority and Parity," and its corollary Option Floor Procedure Advice B-6.

The text of the proposed rule change is available at the Office of the Secretary, the Exchange, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of an Statutory Basis for the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of and Statutory Basis for the Proposed Rule Change

1. Purpose

On August 26, 1994, the Commission approved the Exchange's Pilot Program to provide enhanced specialist participation in parity equity option trades.³ Initially, the Pilot Program was approved for a one year period ending August 26, 1995. On November 30, 1994, the Commission approved the Exchange's request to include index option specialists in the Pilot Program.⁴ The Pilot Program was later revised on March 1, 1995, with respect to situations where less than three controlled accounts are on parity with the specialist.⁵ The Pilot Program has subsequently been renewed on three

³ Securities Exchange Act Release No. 34606 (Aug. 26, 1994), 59 FR 45741 (Sept. 2, 1994).

⁴ Securities Exchange Act Release No. 35028 (Nov. 30, 1994), 59 FR 63151 (Dec. 7, 1994).

⁵ Securities Exchange Act Release No. 35429 (Mar. 1, 1995), 60 FR 12802 (Mar. 8, 1995).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 19b-4(e).