

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 July 14, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

#### **Central Maine Power Company, et al.**

Central Maine Power Company ("Central Maine"), a public utility holding company exempt from regulation under the Act, in accordance with rule 2 under the Act, and Holdco, Inc. ("Holdco"), a wholly owned subsidiary of Central Maine (together, "Applicants"), both located at 83 Edison Drive, Augusta, Maine 04336, have filed an application under sections 3(a)(1), 9(a)(2) and 10 of the Act.

Central Maine is an investor-owned public utility company primarily engaged in the business of generating, transmitting and distributing electricity to wholesale customers, principally other utilities, and to retail customers in Maine. Central Maine is the largest electric utility in Maine and serves approximately 528,000 customers in its 11,000 square mile service area. Central Maine had \$954 million in consolidated electric operating revenues in 1997. Central Maine is subject to the regulatory authority of the Maine Public Utilities Commission.

Central Maine currently has three utility subsidiaries: Maine Electric Power Company, Inc. ("MEPCO"), Aroostook Valley Electric Company ("AVEC"), and NORVARCO. MEPCO owns and operates a 345-kV transmission interconnection between Wiscasset, Maine and the Maine-New Brunswick international border at Orient, Maine. AVEC owns and operates a 31 MW wood-fired generating plant in Fort Fairfield, Maine, the output of which is sold to Central Maine.<sup>1</sup> NORVARCO is one of two general partners in Chester SVC Partnership, a general partnership which owns certain transmission assets in Chester, Maine, adjacent to MEPCO's transmission interconnection.<sup>2</sup>

<sup>1</sup> Central Maine has reached an agreement with a third party, FPL Group ("FPL"), to sell its interests in AVEC, as part of a sale to FPL of all of its nonnuclear generating assets.

<sup>2</sup> Central Maine also owns a 38% common stock interest in Maine Yankee Atomic Power Company ("Maine Yankee"), which owns the Maine Yankee nuclear electric generating plant in Wiscasset, Maine. The Maine Yankee plant is not currently operating. On August 6, 1997, the board of directors of Maine Yankee voted to shut down permanently

Central Maine's nonutility subsidiaries include: CMP International Consultants ("CMPI"), Central Securities Corporation ("Central"), Cumberland Securities Corporation ("Cumberland"), Kennebec Hydro Resources ("Hydro"), The Merimil Limited Partnership ("Merimil"), MaineCom Services, Inc. ("MainCom"), TeleSmart ("Telesmart"), The Union Water-Power Company ("Union Water"), Androscoggin Reservoir Company ("Androscoggin"), Kennebec Water Power Company ("Kennebec Water"), and the Gulf Island Pond Oxygenation Project ("GIPOP"). These subsidiaries are engaged in utility support services (such as training, research, project management and technical consulting), telecommunications, river facilities management, administrative services, and real estate activities. In 1997, they provided total revenues of \$21,238,000, or approximately 2% of Central Maine's total consolidated electric operating revenues for that year.

Holdco and Central Maine seek authority for Holdco to acquire all of the outstanding common stock of Central Maine and, indirectly, of its utility subsidiaries. In addition, Holdco and Central Maine seek an order under section 3(a)(1) of the Act exempting Holdco and Central Maine from all provisions of the Act, except section 9(a)(2).

Holdco intends to form a subsidiary company, Merger Sub, for the sole purpose of consummating the acquisition of Central Maine by Holdco ("Acquisition"). In accordance with an agreement ("Merger Plan") to be entered into by Holdco, Central Maine and Merger Sub, Merger Sub will merge with and into Central Maine. In addition each issued and outstanding share of Central Maine common stock ("CM Common Stock") will be converted into one share of Holdco common stock ("Holdco Common Stock").<sup>3</sup> The outstanding shares of Merger Sub common stock will be automatically converted into a number of shares of CM Common Stock equal to the number of shares of CM Common Stock before the Merger. The shares of Holdco Common Stock owned by Central Maine before the Merger will be canceled. All debt securities and series of Central Maine preferred stock will be unaffected by the Merger Plan and will remain securities of Central Maine.

and begin to decommission the Maine Yankee plant.

<sup>3</sup> Central Maine's shareholders approved the Merger Plan at their annual meeting on May 21, 1998.

Upon consummation of the Acquisition, each person that held shares of CM Common Stock before the Acquisition, will hold an equal number of shares of Holdco Common Stock, and Holdco will hold all of the issued and outstanding shares of CM Common Stock.

Applicants state that concurrently with the Acquisition, or shortly thereafter, Central Maine will transfer by dividend its existing equity interests in CMPI, MaineCom, Telesmart, Union Water and Androscoggin to Holdco.<sup>4</sup>

Applicants assert that they will each satisfy the requirements for an exemption under section 3(a)(1) upon consummation of the Merger. They state that they and their public utility subsidiaries currently are, and will continue to be, predominately intrastate in character and will continue to carry on their business substantially in Maine.

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

**Margaret H. McFarland,**  
Deputy Secretary.

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## **SECURITIES AND EXCHANGE COMMISSION**

### **Sunshine Act Meeting**

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meeting during the week of June 29, 1998.

A closed meeting will be held on Wednesday, July 1, 1998, at 2:30 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(i) and (10), permit consideration of the scheduled matters at the closed meeting.

<sup>4</sup> Central Maine expects to sell its interests in Hydro, Merimil and GIPOP as part of the planned sale of its nonnuclear generation assets. Central Maine has offered for sale its interest in Kennebec Water. If Central Maine does not receive an acceptable bid for this interest, it will retain the interest and not transfer it to Holdco. Cumberland and Central will remain subsidiaries of Central Maine.

Commissioner Hunt, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The closed meeting scheduled for Wednesday, July 1, 1998, at 2:30 p.m., will be:

Institution of injunctive actions.

Institution of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: June 23, 1998.

**Jonathan G. Katz,**  
Secretary.

[FR Doc. 98-17149 Filed 6-23-98; 4:11 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-40105; File No. SR-NASD-98-28]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Order Approving Proposed Rule Change Relating to Approval of Research Reports

June 22, 1998.

#### I. Introduction

On April 27, 1998, NASD Regulation, Inc. ("NASD Regulation") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Rule 2210, "Communications with the Public," of the Conduct Rules of the National Association of Securities Dealers, Inc. ("NASD" or "Association"). The proposed rule change will permit the approval of research reports by a supervisory analyst acceptable to the New York Stock Exchange ("NYSE") under NYSE Rule 344, "Supervisory Analysts,"<sup>3</sup> to satisfy the requirement under NASD Rule 2210 that research reports be approved by a registered principal.

The proposed rule change was published for comment in the **Federal**

**Register** on May 19, 1998.<sup>4</sup> No comments were received on the proposal. This order approves the proposal.

#### II. Description of the Proposal

Currently, NASD Rule 2210(b)(1) requires each item of advertising and sales literature to be approved by signature or initial of a registered principal of an NASD member prior to use or filing with NASD Regulation. Under NASD Rule 2210(a)(2), "sales literature" includes research reports. A joint NASD/NYSE member asked the NASD whether the approval of research reports by a supervisory analyst approved by the NYSE under NYSE Rule 344 could satisfy the requirement under NASD Rule 2210 that a registered principal approve research reports prior to use or filing with NASD Regulation.

In order to become a supervisory analyst under NYSE Rule 344, an applicant may present evidence of appropriate experience and either (i) pass an NYSE Supervisory Analyst Examination, or (ii) successfully complete a specified level of the Chartered Financial Analysts Examination prescribed by the NYSE and pass only that portion of the NYSE Supervisory Analysts Examination dealing with NYSE rules on research standards and related matters.<sup>5</sup> The NASD Regulation staff reviewed the NYSE content outline for the NYSE's Supervisory Analysts Examination and found that the particular categories of securities addressed in the "securities analysis" section of the content outline are fixed income securities and equity securities. The NASD Regulation staff concluded that the coverage of the NYSE communication rules in NYSE's Supervisory Analysts Examination is comparable to the communication materials covered in the NASD principal examination.<sup>6</sup> Accordingly, NASD Regulation believes that, with respect to the level of training and experience necessary for review of research reports on debt and equity securities, the level of supervisory analyst registration is comparable to the level of NASD principal registration. Given that the scope of approval authority is limited to research reports on debt and equity securities and that the material in the NYSE's Supervisory Analysts Examination and the NASD's principal examination is comparable,

the NASD Regulation staff concluded that the investor protection goals that the NASD's principal review requirement are designed to serve could be satisfied by the NYSE's requirements in this area.

Accordingly, the proposed rule change amends NASD Rule 2210(b)(1) to state that the requirement that advertising and sales literature be approved by a registered principal of an NASD member firm may be met, with respect to corporate debt and equity securities that are the subject of research reports as that term is defined in NYSE Rule 472, "Communications with the Public,"<sup>7</sup> by the signature or initial of a supervisory analyst approved pursuant to NYSE Rule 344. Any other material requiring supervisory approval would continue to require approval by an NASD registered principal.

#### III. Discussion

After careful review, the Commission finds that the proposed rule change is consistent with the provisions of Section 15A(b)(6)<sup>8</sup> of the Act, which require that the rules of the Association be designed to promote just and equitable principles of trade and to protect investors and the public interest. The proposal amends NASD Rule 2210(b)(1) to state that the requirement that advertising and sales literature be approved by a registered principal of an NASD member firm may be met, with respect to corporate debt and equity securities that are the subject of research reports, as defined in NYSE Rule 472, by the signature or initial of a supervisory analyst approved pursuant to NYSE Rule 344. NASD Regulation staff states that it has reviewed the content outline for the NYSE Supervisory Analysts Examination and concluded that the coverage of the NYSE communication rules in the Supervisory Analysts Examination is comparable to the communication materials covered in the NASD principal examination. Additionally, the NASD Regulation staff has represented that any change to NYSE Rule 344 or the NYSE Supervisory Analysts Examination would be cause for the NASD to review NASD Rule 2210 to ensure that NASD and NYSE requirements for approval of research reports remain comparable.<sup>9</sup> Given that

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> NYSE Rule 344 states that supervisory analysts must be acceptable to, and approved by, the NYSE. NYSE Rule 344, Supplementary Material .10 sets forth examination and other requirements for supervisory analysts.

<sup>4</sup> See Securities Exchange Act Release No. 39985 (May 12, 1998), 63 FR 27608.

<sup>5</sup> See NYSE Rule 344, Supplementary Material .10.

<sup>6</sup> The NASD principal examination referred to here is the Series 24 Qualification Examination for Principals.

<sup>7</sup> NYSE Rule 472, Supplementary Material .10 defines "research reports" as " \* \* \* an analysis of individual companies, industries, market conditions, securities or other investment vehicles which provide information reasonably sufficient upon which to base an investment decision."

<sup>8</sup> 15 U.S.C. 78o-e.

<sup>9</sup> This representation was made by Robert J. Smith of the Office of General Counsel, NASD Regulation,