

Dated: December 7, 1997.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-233 Filed 1-5-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26805]

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

December 29, 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 January 22, 1998, to the Secretary, Securities and Exchange Commission, Washington, DC 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 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.

National Fuel Gas Company (70-9149)

Notice of Proposal to Issue Common and Preferred Stock; Order Authorizing Solicitation of Proxies

National Fuel Gas Company ("NFG"), 10 Lafayette Square, Buffalo, New York 14201, a gas registered holding company, has filed a declaration under sections 6(a), 7 and 12(e) of the Public Utility Holding Company Act of 1935, as amended ("Act"), and rules 62 and 65 under the Act relating to proposed changes to its certificate of incorporation.

On December 11, 1997, the Board of Directors of NFG adopted resolutions to amend Article Fourth of NFG's Restated Certificate of Incorporation, as amended ("Certificate of Incorporation"), to: increase the number of authorized shares of common stock, \$1 par value ("Common Stock"), from 100,000,000 shares to 200,000,000 shares of Common Stock, eliminate NFG's existing 3,200,000 shares of authorized but unissued preferred stock, \$25 par value, and all related provisions in the Certificate of Incorporation¹ and authorize 10,000,000 shares, \$1 par value, of a new class of preferred stock ("New Preferred Stock"). NFG states that it has no present plans to issue New Preferred Stock or any material amount of additional shares of Common Stock.

NFG states that the New Preferred Stock will be issued in one or more series and with certain powers, designations, preferences and relative, participating, optional or other special rights and qualifications as the Board of Directors determines, in its discretion, without further action by the shareholders unless shareholder action is required by applicable law or stock exchange requirements. Issuances of New Preferred Stock will also be subject to then existing and applicable provisions of the Certificate of Incorporation.

NFG proposes to solicit proxies from its shareholders to approve amendments to NFG's Certificate of Incorporation required to effect these changes at the next annual shareholders meeting, scheduled for February 26, 1998. Accordingly, NFG requests that an order authorizing the solicitation of proxies be issued as soon as practicable under rule 62(d).

It appears to the Commission that NFG's declaration regarding the proposed solicitation of proxies should be permitted to become effective immediately.

It is ordered, under rule 62 under the Act, that the declaration regarding the proposed solicitation of proxies can become effective immediately, subject to the terms and conditions contained in rule 24 under the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 98-156 Filed 1-5-98; 8:45 am]

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¹ NFG represents that currently there are no outstanding shares of preferred stock.

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-22980]

Notice of Applications for Deregistration under Section 8(f) of the Investment Company Act of 1940

December 30, 1997.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of December, 1997. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St., N.W., Washington, D.C. 20549 (tel. 202-942-8090). An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on January 26, 1998, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. For Further Information Contact: Diane L. Titus, at (202) 942-0564, SEC, Division of Investment Management, Office of Investment Company Regulation, Mail Stop 5-6, 450 Fifth Street, N.W., Washington, D.C. 20549.

Lexington Tax Free Money Fund, Inc. [File No. 811-2714]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On September 8, 1997, applicant made a liquidating distribution to its shareholders at net asset value. Approximately \$4,900 in expenses incurred in connection with the liquidation were borne by applicant. In addition, applicant has retained \$10,791 to cover outstanding liabilities relating to accounting, printing and mailing expenses, and tax costs associated with the liquidation. Costs in excess of this amount will be borne by applicant's investment adviser.

Filing Dates: The application was filed on November 4, 1997.

Applicant's Address: Park 80 West Plaza Two, Saddle Brook, New Jersey 07663.

Israel Growth Fund, Inc. [File No. 811-7906]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. Applicant made liquidating distributions to its security holders on July 31, 1995, and December 29, 1995, totaling \$551,801. Applicant has paid \$40,231 in expenses related to the liquidation and has retained \$1,067 for the purpose of paying its remaining debts, which include legal and accounting expenses incurred in connection with its liquidation.

Filing Dates: The application was filed on September 3, 1996, and amendments to the application were filed on April 8, 1997, and December 9, 1997.

Applicant's Address: 95 Revere Drive, Northbrook, Illinois 60062.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 98-234 Filed 1-5-98; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39498; File No. SR-CHX-97-21]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Chicago Stock Exchange, Incorporated, Regarding Suitability of Customer Recommendations

December 29, 1997.

On September 18, 1997, the Chicago Stock Exchange, Incorporated ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ a proposed rule change regarding the suitability of customer recommendations. The proposed rule change was published for comment in the **Federal Register**.² The Commission received no comment letters on the proposed rule change, and for the reasons discussed below, is approving the proposal.

I. Description of Proposal

The Exchange proposes to add Article VIII, Rule 25 to the Exchange's Rules. The Exchange currently does not have a rule that expressly addresses suitability, churning and related matters for

Exchange members. While the Exchange believes that such conduct may currently fall within existing Exchange rules, such as the Exchange's rule relating to "just and equitable" activity, the Exchange believes that it is desirable at this time to specifically address this type of conduct. As a result, the purpose of the proposed rule change is to add Rule 25 to Article VIII of the Exchange's rules, requiring that, in recommending to a customer the purchase, sale or exchange of any security, a member must have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs.

Specifically, prior to the execution of a transaction recommended to a customer, other than transactions with customers where investments are limited to money market mutual funds, a member would be required to make reasonable efforts to obtain information concerning the customer's financial status, the customer's tax status, the customer's investment objectives, and such other information used or considered to be reasonable by such member or registered representative in making recommendations to the customer.

The rule change would contain a non-exclusive list of practices that the Exchange deems to violate a member's duty to recommend to a customer only securities suitable for that customer. These would be: (1) Recommending speculative low-priced securities to customers without knowledge of or an attempt to obtain information concerning the customer's other securities holdings, their financial situation and other necessary data; (2) excessive activity in a customer's account, often referred to a "churning" or "overtrading"; (3) trading in mutual fund shares, particularly on a short-term basis; (4) fraudulent activity (including establishing fictitious accounts in order to execute transactions which otherwise would be prohibited, executing transactions in discretionary accounts in excess of or without actual authority from customers, causing the execution of transactions which are unauthorized by customers or the sending of confirmations in order to cause customers to accept transactions not actually agreed upon, and unauthorized use or borrowing of customers' funds and securities); and (5) recommending the purchase of securities or the continuing purchase of securities in amounts that are inconsistent with the reasonable expectation that the

customer has the financial ability to meet such a commitment.

In addition, with regard to derivative financial products, the rule change would require that members make every effort to familiarize themselves with each customer's financial situation, trading experience, and ability to meet the risks involved with such products and to make every effort to make customers aware of the pertinent information regarding new financial products.

II. Discussion

The Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act and the rules and regulations thereunder applicable to a national securities exchange, and specifically, with the requirements of Section 6(b).³ In particular, the Commission believes that the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and in general to protect investors and the public interest.

The Commission believes that the Exchange's proposal to add Article VIII, Rule 25 to the Exchange's Rules benefits investors by requiring exchange members, in recommending to a customer the purchase, sale or exchange of any security, to have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs. The Commission also believes that including a non-exclusive list of practice that the Exchange deems violates a member's duty of suitability with the rule is a beneficial guide for investors. Additionally, the proposal will benefit exchange members by providing them a rule specifically addressing suitability, churning and related conduct.

III. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴ that the proposed rule change (SR-97-21) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

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¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 3907 (November 6, 1997), 62 FR 61157 (November 21, 1997).

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78s(b)(12).

⁵ 17 CFR 300.30(a)(12).