

available for inspection and copying in the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file number SR-OCC-95-02 and should be submitted by May 2, 1995.

For the Commission by the division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 34-35566; File No. SR-OCC-95-03]

**Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to OCC's Exercise-by-Exception Procedures Applicable to Expiring Index Options**

April 5, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 16, 1995, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-OCC-95-03) as described in Items I, II, and III below, which items have been prepared primarily by OCC. 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 purpose of the proposed rule change is to reduce the threshold used to determine the in-the-money amount of index options (other than flexibly structured index options) carried in clearing members' customers' accounts in connection with OCC's exercise-by-exception processing procedures.<sup>2</sup>

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

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any

comments that it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC 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*

The purpose of the proposed rule change is to modify the exercise threshold for index option contracts, including Quarterly Index Expiration option contracts, carried in a clearing member's customer account in connection with OCC's exercise-by-exception ("ex-by-ex") processing procedures.<sup>3</sup> The exercise threshold used for flexibly structured index options is not effected by the proposed change.

Two thresholds are currently specified in OCC's Rules; the first threshold is for index options carried in clearing members' customers' accounts, and the second threshold is for index options carried in all other clearing member accounts. The current threshold for customer positions is \$25.00 per index option contract and the threshold for all other positions is \$1.00 per index option contract. OCC proposes to reduce the threshold for customer positions to \$1.00 per index option contract. Any position in-the-money by that amount or more would be exercised unless the clearing member submitted a timely, contrary instruction to OCC. The proposed change to the threshold for ex-by-ex processing will not affect clearing members' obligations to their customers or correspondent brokers, which are determined by contract and by generally applicable principles of law.

The proposed change has been discussed with representatives from OCC's participant exchanges and clearing membership who have concurred in its implementation. Clearing member representatives have advised OCC that the change would reduce the risks associated with the expiration of index options as well as their operational costs. Accordingly,

<sup>3</sup> Ex-by-ex processing presumes that a clearing member would desire to exercise all options that are in-the-money by a specified threshold. Accordingly, all options subject to ex-by-ex processing are identified as being in-the-money, at-the-money, or out-of-the-money in a report provided to the clearing member through C/MACS or by hard copy. Such report reflects that the clearing member instructs OCC to exercise all options that are in-the-money by the threshold amount. However, the clearing member can issue contrary instructions to OCC.

OCC believes that the proposed change would provide cost savings to its clearing membership without affecting the risk of processing expiring options.

OCC believes the proposed rule change is consistent with the requirements of the Act, specifically Section 17A of the Act, and the rules and regulations thereunder because the rule proposal will facilitate the prompt and accurate clearance and settlement of index options transactions.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

OCC does not believe that the proposed rule change will impact or 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 have been solicited or received. OCC will notify the Commission of any written comments received by OCC.

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

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which OCC consents, the Commission will:

- (a) by order approve such proposed rule change or
- (b) institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, 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 Section, 450 Fifth Street, NW.,

<sup>8</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> Conforming changes have been proposed to OCC Rules 1804(a) and (b).

Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file number SR-OCC-95-03 and should be submitted by May 2, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>4</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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[Release No. 35-26265]

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

April 5, 1995.

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 May 1, 1995, 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.

#### The Southern Company (70-8595)

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

The Southern Company ("Southern"), 64 Perimeter Center East, Atlanta, Georgia 30346, a registered holding

company, has filed a declaration under sections 6(a), 7 and 12(e) of the Act and rules 54, 62 and 65 thereunder.

Souther proposes, from time to time through December 31, 2005, to issue up to one million shares of its common stock, par value \$5.00 per share ("Common Stock"), pursuant to The Outside Directors Stock Plan for Subsidiaries of The Southern Company ("Plan"). The Commons Stock to be issued was authorized by order dated November 2, 1993 (HCAR No. 25917) ("1993 Order"). In addition, the 1993 Order authorizes Southern to acquire Common Stock on the open market to deliver to a director in accordance with the Plan.

The Plan provides that any member of the Board of Directors of a System Company, defined in the Plan as Alabama Power Company ("Alabama Power"), Georgia Power Company ("Georgia Power"), Gulf Power Company ("Gulf Power"), Mississippi Power Company ("Mississippi Power") and Savannah Electric and Power Company ("Savannah Electric"), who is not otherwise actively employed by Southern or any of its subsidiaries or affiliates shall receive a portion of his or her annual retainer fee ("Retainer Fee"), as set forth in the table below, in unrestricted Common Stock of Southern, with the remainder of the Retainer Fee to be payable, in increments elected by the director, in cash or in unrestricted Common Stock of Southern. Initially, annual Retainer Fees for directors of the System Companies are as follows:

Company	Annual retainer fee	Dollar amount of required stock distribution
Alabama Power .....	\$20,000	\$3,000
Georgia Power .....	23,000	3,000
Gulf Power .....	12,000	2,000
Mississippi Power .....	12,000	2,000
Savannah Electric .....	12,000	2,000

The board of directors of Southern has adopted the Plan, subject to stockholder approval. The Plan will be administered by the Compensation Committee of the board of directors of Southern ("Committee"). The Committee will have the discretion to interpret the Plan, including any ambiguities contained therein and, subject to its provisions, to make all determinations necessary or desirable for the Plan's administration.

Outside directors shall have a one-time opportunity, pursuant to the Plan, to elect the remaining portion of his or her compensation in excess of the dollar amount of required stock distribution to

be paid in Common Stock. Such election shall be made on the form provided to the director by the Committee, which form shall acknowledge that once made, such election is irrevocable. Notwithstanding the foregoing, if, when and as permitted by the Commission, the Plan Administrator may allow a Participant to elect to change the amount of his or her Retainer Fee paid in Common Stock; provided, that such election shall not affect the dollar amount of such Participant's required Common Stock distribution.

Any Common Stock due to a nonemployee director will be paid on a quarterly basis, with the first such quarterly distribution being made on April 1 of each year and succeeding quarterly distributions being made on July 1, October 1, and January 1 of each year. Notwithstanding the foregoing, for purposes of the 1995 calendar year, no stock distributions shall be made prior to July 1, 1995; provided, however, that for participants who are directors of Alabama Power and Georgia Power the stock distribution to be made on July 1, 1995 quarterly distributions.

The amount of Common Stock to be distributed to a nonemployee director pursuant to the Plan shall initially be determined by first dividing the director's required and elected dollar amount of Common Stock compensation under the Plan by four and then dividing such quarterly quotient by the market value of the Common Stock on the date one day prior to the date of distribution, with subsequent distributions based on such quarterly quotient divided by the market value of the Common Stock on the date one day prior to the date of such subsequent distributions. For purposes of valuing such Common Stock, the term "market value" shall mean the average of the high and low prices of the Common Stock, as published in the Wall Street Journal in its report of New York Stock Exchange composite transactions, on the date such market value is to be determined (or the average of the high and low sale prices on the trading day immediately preceding such date if the Common Stock is not traded on the applicable valuation date).

Southern further proposes to submit the Plan for consideration and action by its stockholders at the annual meeting of such stockholders to be held on May 24, 1995, and in connection therewith, to solicit proxies from its stockholders. Consequently, Southern requests that the effectiveness of its declaration with respect to such solicitation of proxies be permitted to become effective as soon as practicable as provided in rule 62(d).

<sup>4</sup> 17 CFR 200.30-3(a)(12) (1994).