

[Release No. 35-26333]

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

July 14, 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 August 7, 1995, 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(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.

Consolidated Natural Gas Co., et al. (70-8599)

Consolidated Natural Gas Company ("Consolidated"), CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3199, a registered holding company, and its wholly owned subsidiary, Consolidated System LNG Company ("Consolidated LNG"), CNG Tower, 625 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3199, have filed a declaration under section 12(c) of the Act and rule 42 thereunder.

Consolidated LNG, which for all practical purposes is a defunct company, proposes to buy back (at par) shares of its common stock, \$10,000 par value per share, from time to time through December 31, 2000, from Consolidated to effect a return of capital to the parent.

Consolidated LNG has not made the standard payout of 100% of its liquid cash assets to Consolidated since 1988. A dividend of \$2,502,000 was declared

on December 15, 1994 and paid on February 15, 1995, leaving \$304,000 in retained earnings as of that date. Consolidated LNG proposes an initial return of capital to its parent of approximately \$48,824,000, of which \$48,520,000 will come from the stock buy-back, and \$304,000 will be out of retained earnings. When combined with the 1994 dividend of \$2,502,000, the proposed transaction will achieve an approximate 100% payout of liquid cash assets to Consolidated. Future liquid cash assets will be paid by dividends out of retained earnings and additional stock buy-backs.

Central Ohio Coal Co., et al. (70-8639)

Central Ohio Coal Company, Southern Ohio Coal, and Windsor Coal Company, all of 1 Riverside Plaza, Columbus, Ohio 43215 ("Companies"), all subsidiary companies of Ohio Power Company ("Ohio Power"), an electric utility subsidiary company of American Electric Power Company, Inc., a registered holding company, have filed an application pursuant to sections 9 and 10 of the Act.

The Companies propose to sell coal to non-associate companies through December 31, 2000. The Companies would sell the coal at a price in excess of the incremental cost to produce it and for the greatest amount practicable for coal produced from their mines within the competitive market, but in no case less than the incremental variable costs, including all fees, associated with the production of such coal. The Companies intend to utilize existing equipment and current employees to produce this coal.

The revenues from sales of coal to non-associates will be credited to the costs of mining operations and will help reduce the price of coal sold to Ohio Power.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-17941 Filed 7-20-95; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-35971; File No. SR-DTC-95-11]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Modifications to the Prime Broker Option in the Institutional Delivery System

July 14, 1995

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on May 26, 1995, The Depository Trust Company ("DTC") 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 primarily by DTC. 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 proposed rule change consists of modifications to the existing procedures for the prime broker option in DTC's Institutional Delivery ("ID") system.²

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.³

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

In a previous filing with the Commission, DTC set forth procedures for the prime broker option in the ID system, including procedures for the disaffirmation of a trade which had previously been affirmed by the prime broker.⁴ In that filing DTC stated that

¹ 15 U.S.C. 78s(b)(1) (1988).

² The text of the modifications to the ID procedures is attached as an exhibit to this Notice.

³ The Commission has modified the text of the summaries prepared by DTC.

⁴ Securities Exchange Act Release No. 34779 (October 3, 1994), 59 FR 51465 [File No. SR-DTC-94-13] (notice of filing and order granting

prior to the change to three business days as the standard settlement period ("T+3") in 1995,⁵ DTC would develop a more automated mechanism for disaffirmation of trades by a prime broker. The purpose of this proposed rule change is to implement a more automated mechanism for disaffirmation by a prime broker and to clarify how an executing broker specifies settlement locations for trades.

Section 17A(b)(3)(F)⁶ of the Act requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. DTC believes its proposed rule change meets the requirements of the Act because the rule change will contribute to the automation of trade processing in the ID system and therefore will promote the prompt and accurate clearance and settlement of securities transactions. DTC also states that the enhancements to its ID system will be implemented consistently with the safeguarding of securities and funds in its custody or control or for which it is responsible.

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

DTC perceives no impact on competition by reason of the proposed rule change.

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

Written comments from DTC participants or others have not been solicited or received on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁷ of the Act and Rule

accelerated approval on a temporary basis of proposed rule change implementing the prime broker option in the ID system).

⁵ On October 6, 1993, the Commission adopted Rule 15c6-1 under the Act, which establishes three business days after the trade date instead of five business days as the standard settlement time frame for most broker-dealer transactions. Securities Exchange Act Release No. 33023 (October 6, 1993), 58 FR 52891 (release adopting Rule 15c6-1). On November 16, 1994, the Commission changed the effective date of Rule 15c6-1 from June 1, 1995, to June 7, 1995. Securities Exchange Act Release No. 34952 (November 9, 1994), 59 FR 59137.

⁶ 15 U.S.C. 78q-1(b)(3)(F) (1988).

⁷ 15 U.S.C. 78s(b)(3)(A)(iii) (1988).

19b-4(e)(4)⁸ thereunder because the rule change effects a change in an existing service of DTC that does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and it does not significantly affect the respective rights or obligations of DTC or persons using the prime broker option in the ID system. At any time within sixty days of the filing of such proposed 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 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 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 DTC. All submissions should refer to the File No. SR-DTC-95-11 and should be submitted by August 11, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Margaret H. McFarland,
Deputy Secretary.

Procedures for the Prime Broker Option in the ID System

Confirmation/affirmation

Executing Brokers can use the ID system to confirm to Prime Brokers trades done with mutual clients for securities which are eligible for settlement in NSCC's Continuous Net Settlement (CNS) system, in DTC's trade-for-trade (PDQ) system, or elsewhere when the trades are to be settled by a Prime Broker

(i.e. a Broker-Dealer that provides a clearing facility for certain customers).

The ID system determines settlement based on the Prime Broker Agent ID number which is stored in the ID Masterfile, as well as from the "Settlement Location" field specified in the trade input record. For CNS trades, DTC delivers the trade details of all trades affirmed between noon the prior day and noon the current day to NSCC each afternoon for CNS settlement.

Prime Brokers are required to maintain two or more Agent ID numbers. One Agent ID number must be reserved as a special number which the Executing Broker specifies on trade input to confirm a prime broker trade. The Executing Broker determines the settlement option based on a settlement location of DTC (CNS or PDQ) or any other settlement location (trades settling away from NSCC or DTC). If DTC settlement location is specified, the ID system determines CNS or PDQ depending on eligibility, and the transaction is processed in accordance with the existing Procedures as described within the ID Manual. Provided the security identifier (CUSIP) is CNS eligible, the trade is delivered to NSCC for settlement. Otherwise, if the security is DTC eligible, it is processed for PDQ settlement.

Disaffirmation

Prime Brokers have the option, under certain circumstances, to reverse an affirmed confirmation back to an unaffirmed confirmation status. To exercise that option, the Prime Broker can use the disaffirmation function of the ID system to cause all affirmed trades for that client to be reversed to the confirmation status, thus preventing them from settling within CNS or PDQ processing. Prime broker trades settling outside CNS or PDQ may likewise be disaffirmed, but the Prime and Executing Brokers must cancel settlement instructions outside of ID.

Only Prime Brokers have access to the IDPB disaffirmation function in the ID system via PTS terminals. In the event that disaffirmation becomes necessary, the Prime Broker can use the IDPB function to enter the DTC control numbers of those trades to be disaffirmed. The Prime Broker will not affirm any trades which have been reported in the ID system subsequent to the Prime Broker's decision to terminate its relationship with the client.

For affirmed trades destined for CNS settlement, one of two situations may apply. If affirmation and disaffirmation both occur within the same noon to noon cycle, the ID system reverses the status of the affirmed confirmation to confirmation (unaffirmed) and does not deliver the trade details to NSCC. Otherwise, the ID system delivers a reversal of the trade details to NSCC.

Once entered into ID by the Prime Broker, disaffirmations are reported to the Executing Brokers with a special PTS disaffirmation ticket. In addition, the Prime Broker should contact DTC's ID Support unit by telephone to alert DTC to the disaffirmation event. DTC will, on a best efforts basis, contact the Executing Brokers by telephone to alert them to the disaffirmation and the existence of the special tickets on their PTS printers.

⁸ 17 CFR 240.19b-4(e)(4) (1994).

⁹ 17 CFR 200.30-3(a)(12) (1994).

Note: DTC has no responsibility to ascertain that (i) a prime brokerage agreement is in effect between the Prime Broker and the Executing Broker which are identified in any instruction submitted to DTC or (ii) an instruction submitted to DTC by the Prime Broker or by the Executing Broker is in accordance with the provisions of any such prime brokerage agreement.

[FR Doc. 95-17939 Filed 7-20-95; 8:45 am]

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[Release No. 34-35970; International Securities Release No. 828; File No. SR-
ISCC-95-03]

Self-Regulatory Organizations; International Securities Clearing Corporation; Notice of Filing and Order Granting Accelerated Approval on a Temporary Basis of Proposed Rule Change Relating to Modification of the Calculation of Its Clearing Fund Formula

July 13, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 5, 1995, the International Securities Clearing Corporation ("ISCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-ISCC-95-03) as described in Items I and II below, which items have been prepared primarily by ISCC. The Commission is publishing this notice and order to solicit comments on the proposed rule change from interested persons and to grant accelerated approval of the proposed rule change through August 1, 1996.

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

ISCC proposes to modify some of the factors used in the calculation of its clearing fund formula. The modification is being made to accommodate the five day rolling settlement cycle recently instituted by the London Stock Exchange ("LSE").

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

In its filing with the Commission, ISCC 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 self-regulatory

organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

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

On June 26, 1995, the LSE moved from a ten day rolling settlement period to a five day rolling settlement period.³ In response to this change in the standard settlement cycle, ISCC is adjusting its method of calculating its clearing fund requirements.⁴ ISCC's clearing fund formula requires ISCC members to deposit an amount based upon the following weekly calculation: (Gross Debit Value) × (Market Risk Factor) + (Foreign Exchange Factor). Under the proposal, ISCC is not modifying its clearing fund formula but is modifying the calculations used to derive factors used in the clearing fund formula. ISCC is modifying the calculation of the Gross Debit Value and Market Risk Factor because the determination of these factors relies in part upon the applicable settlement period. ISCC also is adding to its clearing fund formula procedures a requirement that each member must deposit the greater of (a) the largest clearing fund deposit requirement imposed over the previous fifty-two week period or (b) the current weekly calculated clearing fund requirement.⁵

The Gross Debit Value currently is the largest single daily gross debit value, based on debit values for the calendar

² The Commission has modified the text of the summaries prepared by ISCC.

³ In 1986, ISCC and the LSE entered into a linkage agreement which allows ISCC to obtain comparison and settlement services in the United Kingdom from the LSE on behalf of ISCC members. Pursuant to this linkage agreement, ISCC is responsible for paying for all securities delivered. ISCC has no requirement to complete open pending trades. On July 18, 1994, the LSE moved to a ten day rolling settlement cycle with trades settling ten days after trade date. Previously, the LSE settled trades on a fortnightly basis with all trades that occurred during a two-week period settling on the same day. In response to the change to a rolling settlement cycle, ISCC adjusted its method of calculating its clearing fund requirements. Securities Exchange Act Release No. 34392, International Series Release No. 687 (July 15, 1994), 50 FR 37798.

⁴ When ISCC amended its clearing fund formula rule last year to accommodate the change from a fortnightly system to a ten day rolling settlement system, the rule filing was approved on a temporary basis until July 18, 1995. Securities Exchange Act Release No. 34392, International Series Release No. 687 (July 15, 1995), 50 FR 37798. ISCC cannot request an extension of the approval because the current formula is not appropriate for a five day settling system. ISCC therefore is seeking approval of the proposed change on an expedited basis.

⁵ Members will continue to be required to contribute a minimum of \$50,000 to the clearing fund.

week following the week in which the calculation is performed,⁶ less 15% of the Institutional Net Settlement ("INS") receive value for that same day.⁷ Under a five day settlement standard, it is no longer feasible for ISCC to calculate the required deposit using the existing formula because at the time of the calculation ISCC only will know of the trades settling on one day of the following week.⁸ Accordingly, ISCC will now base the Gross Debit Value on the largest single daily gross debit value, based on debit values for five consecutive business days including the day on which the calculation is performed, less 15% of the INS receive value for that day.

The five day settlement standard also requires modification to the Market Risk Factor component of the formula. The formula currently uses a Market Risk Factor based on the largest calculated percentage change in the Financial Times Index over an eleven day period over a minimum of 365 days. This calculation was based on the premise that there could be eleven days from the day a member executed a trade until ISCC liquidated the position.⁹ Applying the same reasoning to the five day settlement environment, the Market

⁶ Currently, ISCC calculates the Gross Debit Value each Tuesday.

⁷ Under the INS system, redeliveries of securities from ISCC members to institutional participants can occur automatically through the LSE. Therefore, ISCC generally is not required to pay the LSE for these securities. The debits arising from these redeliveries may be offset only partially because these securities may be reclaimed (*i.e.*, returned) by the receiver, and in such circumstance, ISCC is liable to the LSE for the full value of the reclamation.

⁸ ISCC calculates and collects the required deposit on a weekly basis. If ISCC calculates a member's clearing fund requirement on Tuesday, August 2, only the settlements for trades conducted on Monday, August 1, and settling on Monday, August 8, will be available for consideration. An ISCC member has three business days after notice of an increase in its clearing fund contribution to pay such increase. Under the prior ten day rolling settlement system, the clearing fund formula was based on the actual largest daily obligation of a member during the relevant time period, and the clearing fund deposit could be calculated and collected prior to the settlement day. However, under the five day rolling settlement cycle, because an ISCC member has three business days after the calculation to make additional deposits, ISCC will be calculating and collecting clearing fund contributions generally based on the prior week's trades which already have settled.

⁹ ISCC bases its clearing fund calculations on the assumption that it will take one day to sell all of a defaulting participant's positions. Under a ten day settlement period, this resulted in an eleven day exposure for market risk with ten days between trade date and settlement date and one day between settlement date and close out of positions. There also is a one day exposure for foreign exchange risk because ISCC converts U.S. dollars to British pounds on the settlement date and converts the proceeds from the sale of the positions to U.S. dollars the following day.

¹ 15 U.S.C. 78s(b)(1) (1988).